

# **PAPERWORK REDUCTION ACT OF 1980**

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**HEARINGS**  
**BEFORE A**  
**SUBCOMMITTEE OF THE**  
**COMMITTEE ON**  
**GOVERNMENT OPERATIONS**  
**HOUSE OF REPRESENTATIVES**  
**NINETY-SIXTH CONGRESS**

**SECOND SESSION**

**ON**

## **H.R. 6410**

**TO REDUCE PAPERWORK AND ENHANCE THE ECONOMY  
AND EFFICIENCY OF THE GOVERNMENT AND THE PRIVATE  
SECTOR BY IMPROVING FEDERAL INFORMATION POLICY-  
MAKING, AND FOR OTHER PURPOSES**

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**FEBRUARY 7, 21, AND 26, 1980**

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## PAPERWORK REDUCTION ACT OF 1980

THURSDAY, FEBRUARY 7, 1980

HOUSE OF REPRESENTATIVES,  
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2203, Rayburn House Office Building, Hon. Jack Brooks (chairman of the subcommittee) presiding.

Present: Representatives Jack Brooks, Elliott H. Levitas, Frank Horton, John N. Erlenborn, and Arlan Stangeland.

Also present: Eugene F. Peters, subcommittee staff director; Cynthia W. Meadow, subcommittee professional staff member; William M. Jones, general counsel; Elmer W. Henderson, senior counsel; James E. Lewin, professional staff member; John M. Duncan, minority staff director; and Stephen N. Daniels, associate minority counsel; Committee on Government Operations.

### OPENING STATEMENT OF CHAIRMAN BROOKS

Mr. Brooks. Today we begin hearings on H.R. 6410, the Paperwork Reduction Act of 1980. This legislation is the result of a growing concern by the Congress and the President that something must be done to improve the way the Government collects, uses, and disseminates information.

Inefficiencies in current Federal information practices threaten to reduce drastically the effectiveness of the Government, while at the same time drowning our citizens in a sea of forms, questionnaires, and reports.

The objectives of H.R. 6410 are:

One, to reduce the information processing burden on the public and private sectors by requiring development and implementation of uniform information policies and practices;

Two, to increase the availability and accuracy of Federal data and information;

Three, to expand and strengthen Federal information management activities; and

Four, to establish a single focal point for information management within OMB which will be more identifiable and responsive to the Congress and the public.

To accomplish these objectives, the bill establishes an Office of Federal Information Policy within OMB to provide overall direction for the Government's information policies, standards, and guidelines.

In addition, the bill strengthens the clearance function of the Federal Reports Act of 1942, which governs the central clearance of information collection requests by making all Federal agencies subject to the act. The bill also consolidates the authority to approve agency data collection requests in OMB.

Finally, the bill establishes a Federal information locator system which will contain descriptions of all information requests made by Federal agencies and any reports which are derived from such requests.

This system will help to eliminate duplication in agencies' record-keeping requirements, locate existing information that may meet the needs of the Government and the public, and assist in deciding which agency information collection requests should be approved.

This bill is based on a long and careful study of the Federal paperwork problem. While the Government needs a great deal of information from its citizens, a lot can be done to cut down on the number and length of questionnaires, forms and reports, and to eliminate duplication and inefficiencies.

This bill can accomplish that, and its enactment should provide substantial benefits for virtually every American.

It will not do this job perfectly. I do not think any other legislation would, but it is a step in that direction and will be of considerable help toward making those objectives attainable.

[The bill, H.R. 6410, follows:]

96TH CONGRESS  
2D SESSION

## H. R. 6410

To reduce paperwork and enhance the economy and efficiency of the Government and the private sector by improving Federal information policymaking, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 1980

Mr. BROOKS (for himself, Mr. HORTON, Mr. PREYER, and Mr. STEED) introduced the following bill; which was referred to the Committee on Government Operations

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## A BILL

To reduce paperwork and enhance the economy and efficiency of the Government and the private sector by improving Federal information policymaking, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Paperwork Reduction Act  
4       of 1980".

5       SEC. 2. (a) Title 44 of the United States Code is amend-  
6       ed by striking out chapter 35 and inserting in its place the  
7       following new chapter:

4

2

1       **"CHAPTER 35—COORDINATION OF FEDERAL**  
2                   **INFORMATION POLICY**

"Sec.

"3501. Purpose.

"3502. Definitions.

"3503. Office of Federal Information Policy.

"3504. Authority and functions of Director.

"3505. Assignment of tasks and deadlines.

"3506. Federal agency responsibilities.

"3507. Public information collection activities—submission to Director; approval and delegation.

"3508. Determination of necessity for information; hearing.

"3509. Designation of central collection agency.

"3510. Cooperation of agencies in making information available.

"3511. Establishment and operation of Federal Information Locator System.

"3512. Penalty for failure to furnish information.

"3513. Director review of agency activities; reporting; agency response.

"3514. Responsiveness to Congress.

"3515. Administrative powers.

"3516. Rules and regulations.

"3517. Consultation with other agencies and the public.

"3518. Effect on existing laws and regulations.

"3519. Access to information.

"3520. Authorization of appropriations.

3       **"§ 3501. Purpose**

4               **"It is the purpose of this chapter to ensure that—**

5               **"(1) Federal information policies and practices**  
6               shall be coordinated and integrated with each other  
7               and shall be uniform, as far as practicable, throughout  
8               the Federal Government;

9               **"(2) information needed by agencies shall be ob-**  
10              tained with a minimum burden upon persons and enti-  
11              ties required to furnish the information, and obtained,  
12              used, and disseminated at a minimum cost to the Gov-  
13              ernment;

14              **"(3) information collected and tabulated by an**  
15              agency shall, as far as practicable, be maintained in a

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1 manner to maximize the usefulness of the information  
2 to Congress, agencies, and the public;

3 “(4) the collection, maintenance, use, and dissemi-  
4 nation of personal information by agencies shall be  
5 consistent with the Privacy Act of 1974 and other ap-  
6 plicable laws; and

7 “(5) automatic data processing and telecommuni-  
8 cations technology shall be acquired and used in a  
9 manner which improves service delivery and program  
10 management, increases productivity, reduces waste and  
11 fraud, and, where possible, reduces the information  
12 processing burden on the public and private sectors.

13 **“§ 3502. Definitions**

14 “As used in this chapter, the term—

15 “(1) ‘agency’ means any executive department,  
16 military department, Government corporation, Govern-  
17 ment controlled corporation, or other establishment in  
18 the executive branch of the Government (including the  
19 Executive Office of the President), or any independent  
20 regulatory agency; but does not include the General  
21 Accounting Office or the governments of the District of  
22 Columbia and of the territories and possessions of the  
23 United States, and their various subdivisions;

24 “(2) ‘collection of information’ means the obtain-  
25 ing or soliciting of facts or opinions for any purpose by

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1 an agency by the use of written report forms, applica-  
2 tion forms, schedules, questionnaires, reporting or rec-  
3 ordkeeping requirements, or other similar methods call-  
4 ing for either—

5 “(A) answers to identical questions posed to,  
6 or identical reporting or recordkeeping require-  
7 ments imposed on, ten or more persons; or

8 “(B) answers to questions posed to agencies  
9 or instrumentalities of the United States which  
10 are to be used for general statistical purposes;

11 “(3) ‘data element’ means a distinct piece of infor-  
12 mation such as a name, term, abbreviation, or symbol;

13 “(4) ‘data element dictionary’ means a system  
14 containing standard and uniform definitions and cross  
15 references for commonly used data elements;

16 “(5) ‘data profile’ means a synopsis of the ques-  
17 tions contained in an information collection request,  
18 and also such related items as the official name of the  
19 request, the location of information obtained through  
20 such request, a description of any compilations, analy-  
21 ses, or reports derived from such information, the  
22 agency responsible for such request, the authorizing  
23 statute, and other information necessary to identify,  
24 access, and use the data contained in such information;

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1           “(6) ‘Director’ means the Director of the Office of  
2           Management and Budget;

3           “(7) ‘directory of information resources’ means a  
4           catalog of information collection requests, containing a  
5           data profile for each request;

6           “(8) ‘independent regulatory agency’ means the  
7           Board of Governors of the Federal Reserve System,  
8           the Civil Aeronautics Board, the Commodity Futures  
9           Trading Commission, the Consumer Product Safety  
10          Commission, the Federal Communications Commission,  
11          the Federal Deposit Insurance Corporation, the Feder-  
12          al Election Commission, the Federal Energy Regula-  
13          tory Commission, the Federal Home Loan Bank  
14          Board, the Federal Maritime Commission, the Federal  
15          Trade Commission, the Interstate Commerce Commis-  
16          sion, the Mine Enforcement Safety and Health Review  
17          Commission, the National Labor Relations Board, the  
18          Nuclear Regulatory Commission, the Occupational  
19          Safety and Health Review Commission, the Postal  
20          Rate Commission, and the Securities and Exchange  
21          Commission, and other similar agencies designated by  
22          statute as independent regulatory establishments of the  
23          Federal Government;

24          “(9) ‘information collection request’ means a writ-  
25          ten report form, application form, schedule, question-

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1        naire, or other reporting or recordkeeping requirement  
2        for the collection of information;

3            “(10) ‘information referral service’ means the  
4        function that assists officials and citizens in obtaining  
5        access to the Federal Information Locator System;

6        “(11) ‘person’ means an individual, partnership,  
7        association, corporation, business trust, or legal repre-  
8        sentative, an organized group of individuals, a State,  
9        territorial, or local government or branch thereof, or a  
10       political subdivision of a State, territory, or local gov-  
11       ernment or a branch of a political subdivision;

12           “(12) ‘recordkeeping requirement’ means a re-  
13        quirement imposed by an agency on persons to main-  
14        tain specified records.

15    **“§ 3503. Office of Federal Information Policy**

16           “(a) There is established in the Office of Management  
17        and Budget an office to be known as the Office of Federal  
18        Information Policy.

19           “(b) There shall be at the head of the Office an Adminis-  
20        trator who shall be appointed by, and who shall report direct-  
21        ly to, the Director. The Director shall delegate to the Admin-  
22        istrator the authority and responsibility to administer all  
23        functions under this chapter. The Administrator shall serve  
24        as principal adviser to the Director on Federal information  
25        policy.



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1 **"§ 3504. Authority and functions of Director**

2       “(a) The Director shall provide overall direction in the  
3 development and implementation of Federal information poli-  
4 cies, principles, standards, and guidelines, including review  
5 and approval of information collection requests, the reduction  
6 of the paperwork burden placed on the public, Federal statis-  
7 tical activities, records management activities, privacy of rec-  
8 ords pertaining to individuals, interagency sharing of infor-  
9 mation, and acquisition and use of automatic data processing  
10 and other technology for managing information resources.

11       “(b) The general information policy functions of the Di-  
12 rector shall include—

13               “(1) developing and establishing uniform informa-  
14 tion resources management policies and overseeing the  
15 development of information management principles,  
16 standards, and guidelines and promoting their use;

17               “(2) initiating and reviewing proposals for changes  
18 in legislation, regulations, and agency procedures to  
19 improve information practices, and informing the Presi-  
20 dent and the Congress on the progress made in effect-  
21 ing such changes;

22               “(3) coordinating, through the review of budget  
23 proposals and otherwise, agency information practices;

24               “(4) promoting, through the use of the Federal  
25 Information Locator System and the review of budget

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8

1 proposals, and otherwise, greater agency sharing of in-  
2 formation (consistent with the Privacy Act of 1974 (5  
3 U.S.C. 552a) and other applicable laws) to enhance the  
4 usefulness of the information and limit the reporting  
5 burden on the public;

6 “(5) evaluating the agencies’ information practices  
7 to determine their adequacy, efficiency, and compliance  
8 with policies, principles, standards, and guidelines pro-  
9 mulgated by the Director; and

10 “(6) overseeing the planning of, and the conduct  
11 of research with respect to, Federal information collec-  
12 tion, processing, storage, transmission, and use.

13 “(c) The information collection request clearance and  
14 other paperwork functions of the Director shall include—

15 “(1) reviewing and approving information collec-  
16 tion requests proposed by agencies;

17 “(2) determining whether the collection of infor-  
18 mation by an agency is necessary for the proper per-  
19 formance of the functions of the agency and has practi-  
20 cal utility for the agency;

21 “(3) designating, in accordance with section 3509,  
22 a collection agency to obtain information for two or  
23 more agencies;

24 “(4) setting goals for reductions of the numbers  
25 and burdens of Federal information collection requests;

1       “(5) overseeing action on the recommendations of  
2       the Commission on Federal Paperwork; and

3       “(6) designing and operating the Federal Informa-  
4       tion Locator System in accordance with section 3511.

5       “(d) The statistical policy and coordination functions of  
6       the Director shall include—

7               “(1) developing, in conjunction with the agencies,  
8       long range plans for the improved performance of Fed-  
9       eral statistical activities and programs;

10              “(2) coordinating, through the review of budget  
11       proposals and otherwise, the functions of the Govern-  
12       ment with respect to gathering, interpreting, and dis-  
13       seminating statistics and statistical information;

14              “(3) overseeing the establishment of Government-  
15       wide policies, principles, standards, and guidelines cov-  
16       ering statistical collection procedures and methods, sta-  
17       tistical data classifications, and statistical information  
18       presentation and dissemination; and

19              “(4) evaluating statistical program performance  
20       and agencies' compliance with Government-wide poli-  
21       cies, principles, standards, and guidelines.

22       “(e) The records management functions of the Director  
23       shall include—

24              “(1) providing advice and assistance to the Ad-  
25       ministrators of General Services to promote coordina-

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1       tion in the administration of chapters 21, 29, 31, and  
2       33 of this title with the information policies, principles,  
3       standards, and guidelines established under this chap-  
4       ter;

5       “(2) reviewing compliance by Federal agencies  
6       with the requirements of chapters 21, 29, 31, and 33  
7       of this title and with regulations promulgated by the  
8       Administrator of General Services thereunder; and

9       “(3) coordinating records management policies  
10      and programs with related information programs such  
11      as information collection, statistics, automatic data  
12      processing and telecommunications, and similar activi-  
13      ties.

14      “(f) The privacy functions of the Director shall in-  
15      clude—

16      “(1) overseeing the development of and promul-  
17      gating policies, principles, standards, and guidelines on  
18      information disclosure and confidentiality, and on safe-  
19      guarding the security of information collected or main-  
20      tained by agencies, or in conjunction with Federal pro-  
21      grams;

22      “(2) providing agencies with advice and guidance  
23      about information security, restriction, exchange, and  
24      disclosure; and

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11

1           “(3) monitoring compliance with the Privacy Act  
2           of 1974 (5 U.S.C. 552a) and related information man-  
3           agement laws.

4           “(g) The automatic data processing and telecommunica-  
5           tions functions of the Director shall include—

6           “(1) establishing policies, principles, standards,  
7           and guidelines for automatic data processing and tele-  
8           communications functions and activities, and overseeing  
9           the establishment of standards under section 111(f) of  
10          the Federal Property and Administrative Services Act  
11          of 1949 (40 U.S.C. 759(f));

12          “(2) monitoring the effectiveness of, and compli-  
13          ance with, directives issued pursuant to sections 110  
14          and 111 of the Federal Property and Administrative  
15          Services Act of 1949 (40 U.S.C. 757, 759) and re-  
16          viewing proposed determinations under section 111(g)  
17          of such Act;

18          “(3) providing, in coordination with the Adminis-  
19          trator of General Services, advice and guidance on the  
20          acquisition and use of automatic data processing and  
21          telecommunications equipment, and coordinating,  
22          through the review of budget proposals and otherwise,  
23          agency proposals for acquisition and use of such equip-  
24          ment; and

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1       “(4) promoting the use of automatic data process-  
2       ing and telecommunications equipment to improve the  
3       effectiveness of the use and dissemination of data in  
4       the operation of Federal programs; and

5       “(5) initiating and reviewing proposals for changes  
6       in legislation, regulations, and agency procedures to  
7       improve automatic data processing and telecommunica-  
8       tions practices, and informing the President and the  
9       Congress of the progress made in effecting such  
10      changes.

11      “(h) Other functions of the Director shall include ensur-  
12      ing that, in developing rules and regulations, agencies—

13      “(1) utilize efficient methods to collect, use, and  
14      disseminate necessary information;

15      “(2) provide an early and substantial opportunity  
16      for the public to comment on proposed means of col-  
17      lecting information related to such rules and regula-  
18      tions; and

19      “(3) make assessments of the consequences of al-  
20      ternative methods of implementing the statutory goals  
21      of such rules and regulations (including alternative  
22      methods of collecting information).

23      “(i) In any review of regulations by the Director author-  
24      ized by law, the Director shall consider the relationship of

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1 such regulations to the policies, principles, standards, and  
2 guidelines established under this chapter.

3 **"§ 3505. Assignment of tasks and deadlines**

4 "In carrying out the authority and functions assigned by  
5 this chapter, the Director shall—

6 "(1) within one year after the date of enactment  
7 of the Paperwork Reduction Act of 1980—

8 "(A) establish standards and requirements for  
9 agency audits of all major information systems,  
10 assign the responsibility for conducting such  
11 audits, and assign the responsibility for conducting  
12 Government-wide or multiagency audits;

13 "(B) establish the Federal Information Loca-  
14 tor System;

15 "(C) identify areas of duplication in informa-  
16 tion collection requests and develop a schedule  
17 and methods for eliminating the duplication;

18 "(D) develop a proposal to augment the Fed-  
19 eral Information Locator System to include data  
20 profiles of major information holdings of agencies  
21 (used in the conduct of their operations) which are  
22 not otherwise required by this chapter to be in-  
23 cluded in the System; and

24 "(E) develop, in consultation with the Ad-  
25 ministrator of General Services, a five-year plan

16

14

1 for meeting the automatic data processing and  
2 telecommunications needs of the Federal Govern-  
3 ment in accordance with the requirements of sec-  
4 tion 111 of the Federal Property and Administra-  
5 tive Services Act of 1949 (40 U.S.C. 759) and  
6 the purposes of the Paperwork Reduction Act of  
7 1980; and

8 “(2) within two years after such date of enact-  
9 ment—

10 “(A) establish a schedule and a management  
11 control system (including policies, principles,  
12 standards, and guidelines) to ensure that practices  
13 and programs of the various information handling  
14 disciplines, such as records management, are ap-  
15 propriately integrated with each other, and with  
16 the broad information policies established by this  
17 chapter;

18 “(B) identify initiatives which may achieve  
19 substantial productivity improvement in Federal  
20 operations using information processing technol-  
21 ogy;

22 “(C) develop a program to (i) enforce Federal  
23 information processing standards, particularly lan-  
24 guage standards, at all Federal installations; and  
25 (ii) revitalize the standards development program,



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1 separating it from peripheral technical assistance  
2 functions and directing it to the most productive  
3 areas;

4 “(D) complete action on recommendations of  
5 the Commission on Federal Paperwork, including  
6 development of legislation necessary to implement  
7 such recommendations; and

8 “(E) submit to the President and the Con-  
9 gress legislative proposals to remove inconsisten-  
10 cies in laws and practices involving privacy, confi-  
11 dentiality, and disclosure of information;

12 **“§ 3506. Federal agency responsibilities**

13 “(a) Each agency shall be responsible for carrying out  
14 its information management activities in an efficient, effec-  
15 tive, and economical manner, and for complying with the in-  
16 formation policies, principles, standards, and guidelines pre-  
17 scribed by the Director.

18 “(b) The head of each agency shall designate, within  
19 three months of the date of enactment of the Paperwork Re-  
20 duction Act of 1980, a senior official who reports directly to  
21 such agency head to carry out the responsibilities of the  
22 agency under this chapter.

23 “(c) Each agency shall—

24 “(1) systematically inventory its major information  
25 systems and periodically review its information man-

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1     agement activities, including planning, budgeting, orga-  
2     nizing, directing, training, promoting, controlling, and  
3     other managerial activities involving the collection,  
4     use, and dissemination of information;

5     “(2) take steps to ensure that its information sys-  
6     tems do not overlap each other or duplicate those of  
7     other agencies;

8     “(3) develop procedures for assessing the paper-  
9     work and reporting burden of its information collection  
10    activities and of proposed legislation and regulations  
11    related to such agency; and

12    “(4) assign to the official designated under subsec-  
13    tion (b) the responsibility for the conduct of and ac-  
14    countability for any acquisitions made pursuant to a  
15    delegation of authority under section 111 of the Feder-  
16    al Property and Administrative Services Act of 1949  
17    (40 U.S.C. 759).

18    “(d) The head of each agency shall establish such proce-  
19    dures as he may deem necessary to ensure the compliance of  
20    his agency with the requirements of the Federal Information  
21    Locator System, including necessary screening and compli-  
22    ance activities.

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1 **"§ 3507. Public information collection activities—submis-**  
2 **sion to Director; approval and delegation**

3 "(a) An agency shall not conduct or sponsor the collec-  
4 tion of information unless, in advance of adoption or revision  
5 of the request for collection of such information—

6 "(1) the agency has taken appropriate steps, in-  
7 cluding consultation with the Director (A) to eliminate  
8 information collections which seek to obtain informa-  
9 tion available from another source within the Federal  
10 Government (through the use of the Federal Informa-  
11 tion Locator System and other means), (B) to reduce  
12 the compliance burden on respondents, and (C) to for-  
13 mulate plans for tabulating the information in a manner  
14 which will enhance its usefulness to other agencies and  
15 to the public;

16 "(2) the agency has submitted to the Director the  
17 proposed information collection request, copies of perti-  
18 nent regulations and of other related materials as the  
19 Director may specify, and an explanation of measures  
20 taken to satisfy paragraph (1) of this section, and has  
21 caused a notice of such submission to be published in  
22 the Federal Register; and

23 "(3) the Director has approved the proposed infor-  
24 mation collection request, or sufficient time has elapsed  
25 as provided under subsection (c).

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1       “(b) Any disapproval, in whole or in part, under subsec-  
2   tion (a) of a proposed information collection request of an  
3   independent regulatory agency may be voided if the agency,  
4   by a majority vote of its members, overrides the Director’s  
5   decision.

6       “(c) The Director shall, within sixty days of receipt of a  
7   proposed information collection request, notify the agency in-  
8   volved of his decision to approve or disapprove the request. If  
9   the Director determines that a request submitted for review  
10   cannot be reviewed within sixty days, he may, after notice to  
11   the agency involved, extend the review period for an addi-  
12   tional thirty days. If the Director does not notify the agency  
13   of an extension, denial, or approval within sixty days (or, if  
14   he has extended the review period for an additional thirty  
15   days and does not notify the agency of a denial or approval  
16   within the time of the extension), his approval may be in-  
17   ferred and the agency may collect the information for not  
18   more than two years.

19       “(d) No approval of an information collection request  
20   shall be valid for a period of more than three years.

21       “(e) If the Director finds that a senior official designated  
22   pursuant to section 3506(b) has independence from any pro-  
23   gram responsibility and has sufficient resources to evaluate  
24   whether proposed information collection requests should be  
25   approved, the Director may, by rule subject to the notice and

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1 comment provisions of chapter 5 of title 5, delegate to such  
2 official his power to approve proposed requests in specific  
3 program areas, for specific purposes, or for all agency pur-  
4 poses. Such delegation shall not preclude the Director from  
5 reviewing individual information collection requests if the Di-  
6 rector determines that circumstances warrant such a review.  
7 The Director shall retain authority to revoke such delega-  
8 tions of power, both in general and with regard to any specif-  
9 ic matter. In acting for the Director, any official to whom  
10 approval powers have been delegated shall comply fully with  
11 the rules and regulations promulgated by the Director.

12 “(f) No agency shall be exempt from the requirements of  
13 this chapter.

14 “§ 3508. Determination of necessity for information; hear-  
15 ing

16 “Before approving a proposed information collection re-  
17 quest, the Director shall determine whether the collection of  
18 information by an agency is necessary for the proper per-  
19 formance of the functions of the agency and has practical  
20 utility for the agency. Before making a determination the Di-  
21 rector may give the agency and other interested persons an  
22 opportunity to be heard or to submit statements in writing.  
23 To the extent, if any, that the Director determines that the  
24 collection of information by an agency is unnecessary, for any

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1 reason, the agency may not engage in the collection of the  
2 information.

3 **"§ 3509. Designation of central collection agency**

4 "The Director may designate a collection agency to  
5 obtain information for two or more agencies if the Director is  
6 of the opinion that the needs of such agencies for information  
7 will be adequately served by a single collection agency, and  
8 such sharing of data does not conflict with section 3510 of  
9 this chapter, section 552 or 552a of title 5, or any other  
10 applicable law. In such cases, the Director shall prescribe  
11 (with reference to the collection of information) the duties and  
12 functions of the collection agency so designated and of the  
13 agencies for which it is to act as agent (including reimburse-  
14 ment for costs). While the designation is in effect, an agency  
15 covered by it may not obtain for itself information which it is  
16 the duty of the collection agency to obtain. The Director may  
17 modify the designation from time to time as circumstances  
18 require.

19 **"§ 3510. Cooperation of agencies in making information**  
20 **available**

21 "(a) Subject to subsection (b), the Director may, if not  
22 inconsistent with any applicable law, direct an agency to  
23 make available to another agency information obtained pur-  
24 suant to an information collection request.

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1     “(b) The Director may direct the disclosure of confiden-  
2     tial information from one agency to another if —

3     “(1) it is disclosed in the form of statistical totals  
4     or summaries;

5     “(2) the person who supplied the information con-  
6     sents to such a disclosure; or

7     “(3) the receiving agency has authority to collect  
8     the information, and such authority is supported by  
9     legal provisions for civil or criminal penalties against  
10    persons failing to supply the information.

11    “(c) If confidential information obtained by an agency is  
12    released by that agency to another agency, all the provisions  
13    of law (including penalties which relate to the unlawful dis-  
14    closure of information) apply to the officers and employees of  
15    the agency to which information is released to the same  
16    extent and in the same manner as the provisions apply to the  
17    officers and employees of the agency which originally ob-  
18    tained the information. The officers and employees of the  
19    agency to which the information is released, in addition, shall  
20    be subject to the same provisions of law, including penalties,  
21    relating to the unlawful disclosure of information as if the  
22    information had been collected directly by that agency.

23    “(d) For purposes of this section only, confidential infor-  
24    mation is information which the agency could withhold from  
25    the public under section 552 of title 5 or would be barred

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1 from disclosing to another agency under section 552a of such  
2 title.

3 **"§ 3511. Establishment and operation of Federal Informa-**  
4 **tion Locator System**

5 "(a) There is hereby established in the Office of Federal  
6 Information Policy a Federal Information Locator System  
7 (hereinafter in this section referred to as the 'System') com-  
8 posed of a directory of information resources, a data element  
9 dictionary, and an information referral service. The System  
10 shall serve as the authoritative register of all information col-  
11 lection requests.

12 "(b) In designing and operating the System, the Direc-  
13 tor shall—

14 "(1) design and operate an indexing system for  
15 the System;

16 "(2) promulgate rules requiring the head of each  
17 agency to prepare in a form specified by the Director,  
18 and to submit to the Director for inclusion in the  
19 System, a data profile for each information collection  
20 request of such agency;

21 "(3) compare data profiles for proposed informa-  
22 tion collection requests against existing profiles in the  
23 System, and make available the results of such com-  
24 parison to—



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1           “(A) agency officials who are planning new  
2           information collection activities; and

3           “(B) on request, members of the general  
4           public; and

5           “(5) ensure that no actual data, except descriptive  
6           data profiles necessary to identify duplicative data or  
7           to locate information, are contained within the System.

8   **“§ 3512. Penalty for failure to furnish information**

9           “Notwithstanding any other provision of law, no person  
10          shall be subject to any penalty for failing to provide informa-  
11          tion to any agency if the information collection request in-  
12          volved was made after December 31, 1981, in violation of  
13          section 3507.

14   **“§ 3513. Director review of agency activities; reporting;**  
15          **agency response**

16          “(a) The Director shall, with the advice and assistance  
17          of the Administrator of General Services, review, at least  
18          once every three years, by means of selective inspections, the  
19          information management activities of each agency to ascer-  
20          tain their adequacy and efficiency. In evaluating the adequa-  
21          cy and efficiency of these activities, the Director shall pay  
22          particular attention to whether the agency has complied with  
23          section 3506.

24          “(b) The Director shall report the results of the inspec-  
25          tions to the appropriate agency head, the House Committee

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1 on Government Operations, the Senate Committee on Gov-  
2 ernmental Affairs, the House and Senate Committees on Ap-  
3 propriations, and committees of the Congress having jurisdic-  
4 tion over legislation relating to the operations of the agency  
5 involved.

6 (c) Each agency which receives a report pursuant to  
7 subsection (b) shall, within sixty days thereafter, prepare and  
8 submit to the Director, the House Committee on Govern-  
9 ment Operations, the Senate Committee on Governmental  
10 Affairs, the House and Senate Committees on Appropri-  
11 ations, and the committees of the Congress having jurisdic-  
12 tion over legislation relating to its operations, a written state-  
13 ment describing any measures taken to alleviate or remove  
14 any problems or deficiencies identified in such report.

15 **"§ 3514. Responsiveness to Congress**

16 (a) The Director shall keep the Congress and its com-  
17 mittees fully and currently informed of the major activities  
18 under this chapter, and shall submit a report thereon to the  
19 President of the Senate and the Speaker of the House of  
20 Representatives annually and at such other times as may be  
21 necessary for this purpose. The Director shall include in such  
22 reports—

23 (1) proposals for legislative changes needed to  
24 improve Federal information management, including,  
25 with respect to information collection, recommenda-

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1        tions to ease the burden upon individuals and small or-  
2        ganizations;

3        “(2) a compilation of legislative impediments to  
4        the collection of information which the Director con-  
5        cludes that an agency needs but does not have author-  
6        ity to collect;

7        “(3) an analysis by agency, and by such other  
8        categories as he may deem useful, describing the com-  
9        pliance burden of information collection requests of  
10       agencies on persons outside the Federal Government,  
11       as well as the costs to agencies;

12       “(4) a summary of accomplishments to reduce the  
13       burden of complying with Federal information collec-  
14       tion requests by such means as reducing the time, cost,  
15       complexity, and incomprehensibility of Federal paper-  
16       work;

17       “(5) a tabulation of areas of duplication in agency  
18       information collection requests identified during the  
19       preceding year and any designations of central collec-  
20       tion agencies made to preclude the collection of dupli-  
21       cate information;

22       “(6) a list of all violations of provisions of this  
23       chapter and rules, regulations, guidelines, policies, and  
24       procedures issued pursuant to this chapter; and

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1           “(7) with respect to recommendations of the Com-  
2 mission on Federal Paperwork—

3           “(A) the specific actions taken on each rec-  
4 ommendation which has been completely imple-  
5 mented;

6           “(B) the major actions still required to imple-  
7 ment each remaining recommendation and the  
8 target date for completing each such action;

9           “(C) a detailed assessment of the status of  
10 and progress on each such action; and

11           “(D) an explanation of any delays and ac-  
12 tions required to overcome these delays.

13           “(b) The preparation of these reports shall not increase  
14 the burden on persons outside the Federal Government of  
15 responding to mandatory requests for information.

16   **“§ 3515. Administrative powers**

17           “(a) Upon the request of the Director, each agency  
18 (other than an independent regulatory agency) shall make its  
19 services, personnel, and facilities available to the Director for  
20 the performance of functions under this chapter.

21           “(b) Upon the request of the Director, each agency  
22 shall, except when prohibited by law, furnish to the Director  
23 and give him access to all information in its possession which  
24 the Director may determine to be necessary for the perform-  
25 ance of functions under this chapter.

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1 **"§ 3516. Rules and regulations**

2 "The Director shall promulgate rules and regulations  
3 necessary to exercise the authority provided by this chapter.

4 **"§ 3517. Consultation with other agencies and the public**

5 "In the development of information policies, rules, regu-  
6 lations, procedures, and forms, the Director shall, from the  
7 beginning of each initiative, consult with persons outside the  
8 Federal Government and the agencies affected.

9 **"§ 3518. Effect on existing laws and regulations**

10 "The authority of an agency under any other law to  
11 prescribe policies, rules, regulations, procedures, and forms  
12 for Federal information activities is subject to the authority  
13 conferred on the Director by this chapter.

14 **"§ 3519. Access to information**

15 "The Director and personnel in the Office of Federal  
16 Information Policy shall furnish such information as the  
17 Comptroller General may require for the discharge of his re-  
18 sponsibilities. For this purpose, the Comptroller General or  
19 his representatives shall have access to all books, documents,  
20 papers, and records of that Office."

21 **"§ 3520. Authorization of appropriations**

22 "There are hereby authorized to be appropriated to  
23 carry out the provisions of this chapter, and for no other  
24 purpose—

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1           “(1) not to exceed \$8,000,000 for the fiscal year  
2           ending September 30, 1981;

3           “(2) not to exceed \$8,500,000 for the fiscal year  
4           ending September 30, 1982;

5           “(3) not to exceed \$9,000,000 for the fiscal year  
6           ending September 30, 1983.”.

7           (b) The table of chapters of title 44, United States Code,  
8           is amended by striking out

          “35. Coordination of Federal Reporting Services.”

9           and inserting in lieu thereof

          “35. Coordination of Federal Information Policy.”.

10          (c)(1) Section 2904 of title 44, United States Code, is  
11          amended by striking out paragraph (10) and inserting in lieu  
12          thereof the following:

13               “(10) report to the appropriate oversight and ap-  
14               propriations committees of the Congress and to the Di-  
15               rector of the Office of Management and Budget annual-  
16               ly and at such other times as he deems desirable (A)  
17               on the results of inspections and studies conducted pur-  
18               suant to paragraphs (1) through (9) of this section, (B)  
19               on evaluations of responses by Federal agencies to any  
20               recommendations resulting from such inspections or  
21               studies, and (C) on estimates of lost benefits or savings  
22               resulting from the failure of agencies to implement  
23               such recommendations.”.

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1       (2) Section 2905 of title 44, United States Code, is  
2 amended by redesignating the text thereof as subsection (a)  
3 and by adding at the end of such section the following new  
4 subsection:

5       “(b) The Administrator of General Services shall assist  
6 the Administrator of the Office of Federal Information Policy  
7 in conducting studies and developing standards relating to  
8 record retention requirements imposed on the public and on  
9 State and local governments by Federal agencies.”.

10       SEC. 3. (a) The President and the Director of the Office  
11 of Management and Budget shall delegate to the Administra-  
12 tor for Federal Information Policy all their functions, authori-  
13 ty, and responsibility under section 103 of the Budget and  
14 Accounting Procedures Act of 1950 (31 U.S.C. 18b).

15       (b) The Director of the Office of Management and  
16 Budget shall delegate to the Administrator for Federal Infor-  
17 mation Policy all functions, authority, and responsibility of  
18 the Director under section 552a of title 5 and under sections  
19 110 and 111 of the Federal Property and Administrative  
20 Services Act of 1949 (40 U.S.C. 757, 759).

21       SEC. 4. (a) Section 400A of the General Educational  
22 Provisions Act (20 U.S.C. 1221-3) is repealed.

23       (b) Section 201 of the Surface Mining Control and Rec-  
24 lamation Act of 1977 (30 U.S.C. 1211) is amended by strik-  
25 ing out subsection (e).

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1 (c) Subsection (f) of section 708 of the Public Health  
2 Service Act (42 U.S.C. 292h(f)) is repealed.

3 (d) Section 5315 of title 5, United States Code, is  
4 amended by adding at the end thereof the following:

5 "Administrator, Office of Federal Information  
6 Policy, Office of Management and Budget."

7 SEC. 5. This Act shall take effect on October 1, 1980.



Mr. BROOKS. I now would like to recognize the paperwork king of the Republican Party, a man whose pajamas say "Paperwork, Paperwork, Paperwork," a man whose coffee cup has "Paperwork" printed on the outside. They love him and appreciate the tremendous job he has done in this area. I now recognize Frank Horton of New York.

Mr. HORTON. Thank you, Mr. Chairman.

Over the last several years there has been a growing understanding of very fundamental changes that have been taking place in our society. We are now in an information age in which the Federal Government, for better or for worse, plays an important role.

Federal paperwork touches every segment of our society, and every segment is complaining about it. My constituents in Rochester tell me that they are being strangled by paperwork and regulation. "Strangulation by regulation" is what I call it. Everybody in Washington knows that a problem exists and is trying to do something about it.

At the recent White House Conference on Small Business, one of the principal concerns expressed was the overregulation and paperwork burden that the small businessman has to bear.

As you know, I had the privilege of serving as the Chairman of the Commission on Federal Paperwork. The 2-year Commission included, among other persons, Members of Congress; the Comptroller General of the United States, Mr. Staats, who will be our first witness; the Director of OMB; the Secretary of HEW; the President's Consumer Adviser; the IRS Commissioner; and several well-known leaders from the private sector and State and local governments.

We concluded that information or paperwork management is one of the important steps we must take to stop the strangulation by regulation. It touches virtually every one of the critical problems our Nation is grappling with today: Inflation, unemployment, big government, the disillusionment and afraid to do business with the Government, and so on. The Paperwork Commission estimated that over \$100 billion a year is spent in and out of Government on Federal information needs and handling.

Farmers, truckers, small businessmen and big businessmen alike; schoolteachers, small hospitals, and colleges all told us horror stories involving excessive Federal paperwork and redtape.

Some of these poor people just folded their tents and went out of business because they could not cope with the flood of Government forms, reports, and recordkeeping requirements. The Commission's reports to the President and the Congress relate these horror stories and document the magnitude of the problem.

There is no simple, single solution to the paperwork problem. The problem is too big for that. The Paperwork Commission did not discover some magic formula or some new regulation that could sweep the slate clean. Instead, we found that there are some common-sense principles that need to be followed, both to reduce the burdens of paperwork and to enhance the value of information collected. All of them have one common denominator: The need to manage information resources. We can no longer afford to have Government look at data as free and have information and paperwork costs buried in overhead accounts where the costs cannot even be identified, much less recovered.

As the Commission pointed out in its report entitled "Information Resources Management," the real culprit of the Federal paperwork burden is mismanagement of information resources. There must be established in the executive branch an information resources management function incorporating and integrating many disparate but related information activities. These activities must be brought together under the single management coordination umbrella.

To implement that recommendation, I join with the chairman, Mr. Brooks, in introducing H.R. 6410, the Paperwork Reduction Act of 1980, the bill on which we will hear testimony this morning.

We are joined in sponsorship of that bill by Mr. Preyer, the chairman of one of the subcommittees of Government Operations, and also Mr. Steed, who is a former member of the Paperwork Commission, and who has been very much interested in reducing the paperwork burden.

This bill recognizes—for the first time in legislation—that management of Federal information resources is a responsibility of the Federal Government. It places the authority for setting information policy in the Government's central management agency, the Office of Management and Budget. It insures that information policy will receive priority attention within OMB by establishing a separate office to assume responsibility in that area.

Our bill also rewrites the Federal Reports Act of 1942 so that all agencies are made subject to its provisions. The revised Federal Reports Act will require the Federal agencies cannot collect information from private businesses or other people unless their requests have been approved by OMB.

To help OMB decide which information requests to approve, the bill establishes a Federal information locator system, which contains descriptions of all requests made by Federal agencies for the collection of information from the public.

The system will be used to identify duplication in existing or new reporting or recordkeeping requirements, and to locate existing information that may meet the needs of an agency that wants to collect that data. We found, in the Paperwork Commission, that the right hand often did not know what the left hand collected. The locator system is an effort to eliminate that problem.

In my view, H.R. 6410 represents a real step forward in the information resource management area. A lot of so-called paperwork reform measures just cut down a few weeds, and the weeds grow right back up. The permanent structure established by this bill would be able to pull out problems by the roots, making sure that they would not reappear.

I would also like to say that the President, just last fall, when he signed Executive Order 12174, took some very important steps so far as the executive branch is concerned to reduce paperwork. He indicated his strong support for this bill. [See app. A.]

I also want to take this opportunity to acknowledge the hard work of the chairman of this committee, Mr. Brooks, and the staff on both the majority and minority side, in working with OMB and with the General Accounting Office to write the provisions of this bill, which I think is an excellent bill. I hope we can get it enacted very quickly.

I am very pleased that our first witness this morning, Mr. Chairman, is our good friend and my fellow member of the Federal Paperwork Commission, the Comptroller General, Mr. Staats, who just recently celebrated his 40th year in service to the Government. Mr. Chairman, you and I were over at the party honoring Mr. Staats for his fine service.

Elmer, we are very happy to have you with us and to have you as our first witness on this very important piece of legislation.

Thank you, Mr. Chairman.

Mr. BROOKS. Thank you very much, Mr. Horton.

Our first witness is Comptroller General Elmer Staats. General Staats is well known to us all. He has appeared here many times during his 13-plus years as Comptroller General.

Prior to that, he served as Deputy Director of the Bureau of the Budget and as Executive Officer of the Operations Coordinating Board of the National Security Council.

General Staats' service to the Federal Government has been outstanding.

He is accompanied today by John Lovelady, a senior group director responsible for conducting audits of paperwork issues and administering GAO's reports clearance functions; by Dan Latta, Planning Director for Paperwork and Statistical Activities; and Arnold Jones, Senior Associate Director for the General Government Division.

Welcome, gentlemen.

General, you may summarize your statement if you wish. Of course, the full text will appear in the hearing record.

**STATEMENT OF ELMER B. STAATS, COMPTROLLER GENERAL, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY JOHN LOVELADY, SENIOR GROUP DIRECTOR; ARNOLD JONES, SENIOR ASSOCIATE DIRECTOR; AND DAN LATTI, PLANNING DIRECTOR, GENERAL GOVERNMENT DIVISION**

Mr. STAATS. Thank you, Mr. Chairman.

I would like to congratulate you and the committee, and Frank Horton, particularly, because of his leadership as Chairman of the Federal Paperwork Commission.

My interest in this legislation goes back a long way, to 1942, at least. It could really save the Government and the private sector hundreds and hundreds and millions of dollars.

More important, perhaps, even than that, it could do a great deal to remove the irritations on the part of people outside the Government who have to deal with the Government and who see unnecessary paperwork; unnecessary questionnaires. It constitutes a source of irritation about the Government and the lack of concern on the part of Government on the burdens they put on the private sector.

Having said that, let me read the statement which we have prepared in support of this legislation.

The bill would create a central office in the Office of Management and Budget, OMB, responsible for getting Government-wide information policies and for providing oversight for the agencies' information management activities.

Such oversight would include periodic evaluations of the agencies' information management activities. The activities covered by the bill include reports clearance and paperwork control, statistics, privacy, automatic data processing, telecommunications, and records management.

We strongly support the objectives of H.R. 6410. We believe it provides, for the first time, the basic central management structure, including the authority, responsibility, and accountability, for exerting badly needed control and oversight for these interrelated areas.

Significantly, our analysis of the bill indicates that its provisions are generally consistent with many of the recommendations of the Commission on Federal Paperwork. I served, as you noted, as a member of that Commission under the able leadership of Congressman Frank Horton.

I am very pleased that this subcommittee is taking the initiative on many of the changes recommended by the Commission.

I will now discuss the new management structure for the Government's information activities which would be created by the bill.

The proposed structure consists of two key elements, both of which we believe are essential. First, a central office is created within OMB, with broad responsibilities for developing consistent information policies and overseeing agency activities.

Second, a high-level official is to be designated within each agency who will be held accountable for insuring that the agencies effectively carry out their information management activities.

We favor the creation of a statutory office in OMB headed by an appointee of the OMB Director as provided in the bill. Placing the office in OMB and providing this type of appointment would give the OMB Director line authority for exercising the office's functions to insure accountability to the President and the Congress.

We strongly support the creation of this structure which we believe should enhance the economy and efficiency of Government information activities and ultimately reduce the reporting, recordkeeping, and regulated regulatory burdens imposed on the public.

The bill authorizes specific funding to carry out the office's functions. We believe this is essential for the office to succeed. Historically, limited resources have been applied to the information management areas.

Although additional resource allocations recently have been given to the paperwork and statistics areas, there is no certainty that the resource levels would continue under this or succeeding administrations.

Accordingly, we agree the Congress should provide specific resource allocations to OMB to support these activities.

I turn now to specific areas covered by the bill, including one area we think should be added.

Under the bill, Federal information-related activities include reports clearance and paperwork control, statistics, privacy, records management, automatic data processing, and telecommunications. We agree that the policy setting and oversight responsibilities—but not the operating responsibilities—for these areas should be vested in the new OMB office.

However, we also believe that oversight responsibility for Freedom of Information Act activities should be vested in the new office. This

should facilitate the establishment of consistent policies and standards covering Federal information activities, including sharing and disclosure.

At the present time, OMB has some degree of responsibility in the paperwork, privacy, ADP, and telecommunications areas. Under the bill, the extent of OMB's responsibility in these areas will be expanded or modified. The areas of statistical policy and records management policy will be added.

I would like to discuss the statistical policy function later.

With regard to records management, the bill recognizes the need to provide a cohesive Federal information policy and to coordinate the various components of Federal information practices. Records management, concerned with information use and disposition, is a vital element of information policy.

In the past, this function has not received the level of management attention it deserves. For example, although GSA is authorized to do so, it does not report to OMB or to the Congress serious weaknesses in agencies' records management programs along with the potential for savings if corrective actions are taken.

We pointed this problem out as early as 1973, but GSA's response to date has been inadequate.

We believe the assignment of oversight responsibility in OMB and the periodic evaluations required by the bill would remedy this situation. In so doing, the benefits which improved records management practices can bring to the performance of Federal programs can be realized.

Turning now to the freedom of information issue, OMB provides central direction and oversight of agencies' activities under authority of the Privacy Act, but the Freedom of Information Act does not require similar oversight.

The Department of Justice has assumed this role to some degree. Justice provides continuing legal guidance and consultation and also handles litigation resulting from the agencies' denials of requests for records.

Our recent report on the Freedom of Information and Privacy Acts shows that these laws generally are effective tools for meeting congressional policy on openness in Government. We concluded that better oversight and executive direction can improve implementation.

I refer here to report LCD-80-8, October 24, 1979. "An Informed Public Assures That Federal Agencies Will Better Comply With Freedom of Information/Privacy Laws."

In the report, we analyzed data on litigation, based on the Freedom of Information Act and other laws governing disclosure of and access to public records. Our analysis showed that, when sued, agencies often released considerable information in records they had originally denied requesters.

On the basis of these results, we believe better policy guidance in advance of the litigation stage, coupled with better communication of the results of past cases, can reduce the necessity for future litigation.

We believe that giving OMB specific policy setting responsibility for the Freedom of Information Act will provide this much-needed executive direction and oversight.

Furthermore, because the two laws were intended to complement each other on matters of public access to records, their administration within OMB would benefit from close coordination.

We strongly support the provisions in H.R. 6410 for consolidating, elevating, and clarifying OMB's policy function for the acquisition and management of automatic data processing and telecommunications resources. We are especially pleased that policy and oversight for ADP and telecommunications are included with the other functions in the bill.

We have issued many reports on management problems and Government-wide issues in these rapidly growing areas calling on OMB to develop, strengthen, improve, or clarify its policy and guidance.

We have also reported on the special and complex problems of privacy in ADP and communication systems. OMB has lacked both sufficient staff and the organization to address many of our recommendations and concerns.

The bill's provisions for an administrator at a sufficient level of authority and separate fund authorization address these problems. The bill's ADP and telecommunications provisions would accomplish several of the key recommendations of the President's Reorganization Project for Federal ADP Activities and are also generally consistent with several Paperwork Commission recommendations.

H.R. 6410 would bring about significant changes in the controls over collecting information from the public, including:

One: Ending the currently fragmented responsibility for reports clearance, including the transfer of GAO's clearance responsibility to OMB;

Two: Combining the statistical policy function with reports clearance in a single organization; and

Three: Amending the Federal Reports Act to clarify certain provisions and eliminate weaknesses.

Progress toward achieving the Federal Reports Act's paperwork control objectives is hampered because there is no central management authority. Instead, control responsibility is fragmented among three organizations—OMB, GAO, and the Department of Health, Education, and Welfare—and a substantial portion of the burden imposed on the public is outside the central control process.

We strongly favor consolidating the fragmented responsibilities into the new OMB office and eliminating all exemptions to the Federal Reports Act clearance process.

Until 1973, the responsibility for paperwork control was in OMB. Then, GAO was assigned responsibility for reviewing and clearing the independent regulatory agencies' reports; HEW was tasked with a broad program for collecting data on health professions personnel, which was exempt from OMB's central review authority; and the HEW Secretary was assigned responsibility over all Federal data collections from educational institutions and programs.

This last responsibility will soon be transferred to the Secretary of Education, fragmenting responsibilities even further.

Finally, in 1977, the President shifted the responsibility for setting statistical policies and standards and coordinating Federal statistical activities from OMB to the Department of Commerce. These responsibilities are closely related to the Federal Reports Act objectives for controlling paperwork burdens.

For example, the application of statistical procedures to information collection may be helpful in improving the quality of the information collected and in reducing the reporting burden imposed on the public.

Because of this close relationship, the necessary coordination between the two functions is enhanced if the functions reside in a single organization.

There is also a need to balance the sometimes conflicting interests for paperwork reduction on one hand, and those for improved statistics on the other, which can best be performed if both functions are in one organization.

I, therefore, clearly favor transferring this function from the Department of Commerce to OMB.

In addition, agencies responsible for about 75 percent of the paperwork burdens are exempt from the Federal Reports Act. These include the Internal Revenue Service, other Treasury Department agencies, and supervisory functions of the bank regulatory agencies.

The Commission on Federal Paperwork recommended, and we agree, that these exemptions should be eliminated. The obvious reason is that controls are weakened by the exemptions.

A key issue raised as a result of these proposed changes is how to preserve the independence of the independent Federal regulatory agencies. For those agencies defined either in this bill or in their enabling legislation as independent regulatory agencies, section 3507 includes an important "override" provision.

This section provides that OMB review proposed information collection requests. Any disapproval of a request proposed by an independent regulatory agency may be voided if the agency's members vote, by a majority, to override OMB's decision.

We endorse this provision. It would allow for a "second look" by the affected regulatory agencies in cases where the proposal for collecting information appears questionable or seems to require revision. The override provision would also preserve the authority of the independent regulatory agencies to determine their information needs.

We would expect that the override mechanism would be used infrequently. Our own experience and analysis of OMB's implementation of the Federal Reports Act indicate that, although revisions are frequently desirable, relatively few information-gathering proposals are denied outright. They usually turn out to be a compromise.

However, we believe that the independent regulatory agencies' use of the override should be made on the public record so that the Congress can monitor these actions.

The changes in the organizational arrangements which I have just described are only part of the problem needing resolution. We believe that major revisions are needed to clarify and strengthen the Federal Reports Act, which was passed in 1942, but remains today the basic statute providing for the control of Federal paperwork burdens imposed on the public. These revisions are all incorporated in the bill.

Difficulties we have experienced in administering our reports clearance responsibilities and our audits support our position that the changes are needed.

Section 101 of the bill replaces the Federal Reports Act, incorporating five needed changes. First, recordkeeping requirements are specifically included in the reports clearance process—section 3502 of proposed new chapter 35 of title 44.

The Federal Reports Act is presently unclear on whether recordkeeping requirements are subject to clearance. In practice, both GAO and OMB have required that they be cleared. Some agencies, however, have resisted compliance with these efforts.



Second, the act's definition of "information" is clarified to eliminate the ambiguity. For example, the Securities and Exchange Commission has interpreted the act to apply only to situations where the answers provided by respondents are to be used for statistical compilations of general public interest. This interpretation severely limits the coverage of the act and the controls over Federal information collection efforts.

Third, the bill clarifies agency responsibilities by requiring agencies to eliminate duplication, minimize burden, and formulate plans for tabulating data before they request approval of forms.

Under the Federal Reports Act, the responsibilities of the individual agencies are unclear. In some cases, agencies have attempted to force upon OMB and GAO tasks which we believe the agencies should perform in developing their information collection instruments.

Fourth, OMB is required to evaluate the agencies' information management controls. This is consistent with a recommendation we made to OMB some years ago.

However, OMB has not had the staff to adequately carry out this function. Under such a requirement, OMB should identify ways to improve the individual agencies' information management controls.

Fifth, the bill authorizes OMB to delegate its clearance authority to the agencies in cases where the agencies have demonstrated sufficient capability. OMB would determine an agency's capability on the basis of the evaluations described above.

This would enable OMB to shift its emphasis to a policy and oversight role in contrast to the time-consuming effort of clearing individual reporting and recordkeeping requirements. This issue is addressed in our recent report entitled, "Protecting the Public From Unnecessary Federal Paperwork: Does the Control Process Work?"

Further improvement in carrying out Federal information activities should be brought about as the agencies implement the Paperwork Commission's recommendations.

We are pleased that the bill extends for an additional 2 years OMB's statutory authority to oversee action on the recommendations of the Commission. OMB's September 1979 report states that almost half of the recommendations, including many requiring legislation, are still open. We believe the additional time is necessary to complete the job.

We endorse the creation of a Federal information locator system, which would provide a source for locating information maintained by different Federal agencies and which would help identify and eliminate unnecessary duplicate collections of information from the public.

We recommended developing such a system in a 1975 report to the Senate Committee on Government Operations, GGD-75-85, July 24, 1975.

We would suggest, however, that the subcommittee consider amending section 3511 to allow OMB to delegate operating responsibility for the system to another executive agency. This would enable OMB to focus its attention on the important policy and oversight responsibilities in the bill. OMB has begun work on a locator system and some progress has been made. Much remains to be done, however.

The development of the proposed locator system should be closely coordinated with GAO's efforts to maintain its inventory of Federal information resources. This inventory was established under title VIII of the Congressional Budget Act of 1974, Public Law 93-344.



The proposed system addresses, as we do, the identification, location, and nature of agencies' information sources and their potential use in the congressional decisionmaking process.

Coodination between the proposed OMB office and GAO will insure that overlap and duplication of efforts are minimized. As developmental efforts of the locator system proceed, OMB may wish to incorporate some of the features of our data files.

And, if the locator system can successfully meet its public use requirements and the Congress information needs, we may wish to consider consolidating some of our data collection and related activities.

OMB recently reorganized its information and regulatory oversight activities, bringing together most of its existing functions related to H.R. 6410. This is a positive step. We do not, however, believe it negates in any way, the need for this legislation.

Without the legislation, fragmented policy and oversight responsibilities will continue and badly needed changes in Federal information management controls will not be effected.

The bill would greatly strengthen the hand of OMB in exercising its broad responsibilities for improving the management of the Federal Government.

I would like to stress this point. It is easy to criticize OMB but it really has not had the charter and the staff it needs to do the job.

In conclusion, we see enactment of H.R. 6410 as an important landmark in a concerted effort to establish consistent Federal information policies. The management structure and tools put into place by this legislation will assist us in working toward solutions for the many information problems now existing.

We should not, however, deceive ourselves or others that this legislation represents more than the beginning of a long and difficult task.

This concludes my prepared statement. We have a number of technical suggestions for the bill which we will be happy to discuss with your staff. We shall be pleased to answer any questions which you or other members of the subcommittee may have.

Thank you.

Mr. Brooks. This is one of your traditionally excellent statements, General. I think it is well documented and well thought out and well put together and a substantial help in justifying the need for this legislation.

I have a couple of questions I want to ask you and your associates.

Historically, the executive agencies objected to the creation of any central management or oversight responsibility within the OMB. The agencies think they have more than sufficient expertise to manage effectively their own programs, preferably without any oversight by anybody.

What is your assessment of the executive agencies' performance and management of information resources and activities?

Mr. STAATS. Well, the record, as we have developed it, Mr. Chairman, in a series of GAO reports, would not support that conclusion.

We would be happy to supply, for the record, specific examples in support of that conclusion. We do not believe the record is that good. I think the work of the Paperwork Commission fully documents this point.

[See app. D.]

Mr. BROOKS. Some concern has been expressed about the ambiguity of the terms "information policy" and "information management."

As a result, some executive branch officials believe that we should restrict OMB's authority to information collection requests only.

Do you share this concern?

Mr. STAATS. We do not agree with that conclusion. I would like my two colleagues here to comment on that, if I may.

Mr. LOVELADY. I believe, Mr. Chairman, we see this bill as a package deal, if you will. The elements contained in the bill are closely related. To take them apart, we do not believe that will do the job. We are talking about information resources management.

If you have the pieces of what goes into making up information resources management scattered in different agencies, you are not going to get the job done. We think this bill puts the right pieces together and puts them together in the right place, OMB.

Mr. BROOKS. Do you have anything to add to that, Mr. Jones?

Mr. JONES. I think that OMB has got to affect not only information collection, but information policy. I think one of the things we have observed is the fragmented policy in regards to burden control. As a matter of fact, in a series of reports, we are questioning the very basis for the way the Government manages its information collection.

There is a great deal of discussion of burden. This is a consequence of a lack of sufficient policy oversight.

There is not yet the fundamental concern that if the Government collects it, it should use it. I think by giving greater policy responsibility to OMB, as the bill intends, I think we will be a good way along the road to resolving the issues that we have uncovered.

Mr. STAATS. It is just not possible to separate the information policy activities from the data collection on individual cases. You are talking about sharing, you are talking about more sampling, or records-keeping, or collection. You are talking about central agency leadership for all of these functions.

All these things have to be worked out together.

Mr. BROOKS. Sometimes agencies must issue information collection requests in a hurry. A tax law passed in December, for example, might require IRS to revise a tax form very quickly and print it in time for use the next month.

Does the bill before us allow for prompt clearance of a request like that, or do we need to revise the bill to provide a fast-track clearance process for certain information collection?

Mr. STAATS. We do not believe that the IRS should be exempted. I know well the arguments for that exemption.

Mr. BROOKS. I just listed the IRS as an example. I know that you do not think they should be exempted.

Mr. STAATS. It is illustrated by the IRS.

Mr. BROOKS. That is right. Any agency might have an emergency.

Mr. STAATS. We see it as something where you do not just come forth to OMB with a completed package and say you approve or disapprove. This is something that ought to be worked out by a collection agency with OMB during the time period for developing the requirements for information.

Second, there are provisions for shortcutting the process. If the agency does its own work of the kind that is contemplated in the bill,

if they do the process of trying to do an impact analysis, then much of the need for central management is going to be diminished.

I do not see the value or the validity of the argument that you have to have quick clearance. This is kind of the oldest game in town, that we should be exempt because we have an emergency requirement.

Mr. JONES. Mr. Chairman, I think the answer is: Yes; the bill allows for the capability for quick clearances which has nothing to do with detailed and reasoned review.

There can be a quick 1-day clearance of a form which will allow the information to be collected. Then the review of the form, with suggestions and recommendations for improvement and the negotiations that go into it to reduce the burden, would take place during the subsequent reviews of the form.

There is nothing in this bill that precludes that happening. There are such situations, and we have had them in exercising our reports clearance authority where it was absolutely necessary for the public good to make a quick clearance.

Mr. BROOKS. Then you could do that?

Mr. JONES. We can do that. Your legislation allows that to be done.

Mr. BROOKS. H.R. 6410 vests OMB with considerable authority to affect virtually every Government activity. It is, therefore, essential that this legislation provide sufficient accountability to the Congress.

In your mind, what provisions in the bill do you see are key to meeting this objective?

Mr. JONES. First of all, Mr. Chairman, is the provision allowing the Director of OMB to appoint the administrator. That is one degree of accountability.

The requirement that there be annual reporting to the Congress is another accountability measure. I think most importantly there is the sunset provision that is included in this legislation, which provides the ultimate measure of accountability. Its existence is affected.

I think at least those three things will allow the Congress to impose the degree of accountability that it wishes.

Mr. STAATS. I would like to add that the GAO is there. We will continue to work actively in this field. We have allocated sizable resources from our organization. We will continue to report to Congress as this program moves ahead.

Mr. BROOKS. I have one last short question.

H.R. 6410 provides for a first year authorization of \$8 million. This figure was developed with the assistance and advice of the GAO.

Would you explain to the subcommittee how this figure was derived and where that money would come from?

Mr. LATTA. Mr. Chairman, the basic figure of \$8 million for the first year was devised by considering the staff resources that are presently allocated to the paperwork, statistics, the ADP, telecommunications, and privacy functions. Those are existing authorizations and appropriations with different agencies.

So, over half of the positions and over half the amount of money presently resides in or would actually be transferred to OMB to continue with the responsibility.

We identified a per person amount out of OMB's 1980 budget request for what they expected to need for each authorized position and then multiplied that times the number of positions we felt the new office should have. This number of positions includes the transfers. The number also includes positions for the additional functions, the records management oversight, the core of staff to head the locator system and freedom of information, if it is added to the bill, as well as the other functions that might need additional resources.

We estimate about a total of 120 positions. At the per person amount, this worked out to about \$6.5 million. Working with committee staff, we estimated that about \$1.5 million would be allocated for the locator system itself.

So that makes up your total of \$8 million for the first year.

Mr. BROOKS. The first part of your statement was that of the \$8 million that would be allocated to this section, that half of it was already budgeted and appropriated?

Mr. LATTA. A little over half; yes, sir. That is taking into account the current positions that are in Commerce, OMB, GAO, and other existing agencies.

Mr. BROOKS. So far as new appropriations are concerned, new authority, new money, it would not be in excess of \$4 million?

Mr. LATTA. Yes, sir.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

Mr. STAATS, based on your great amount of experience regarding the paperwork problem and also based on your experience as a member of the Commission on Federal Paperwork, do you feel that this bill is a major step forward with regard to carrying out the recommendations of that 2-year study?

Mr. STAATS. I do feel that way very strongly. It is long overdue as a piece of legislation, in our opinion.

As I emphasized before, the cost of unnecessary paperwork does not show up very clearly in the budget, but it is there. Its impact on the public is there.

As you well recall, we made some efforts to try to estimate the cost of Federal paperwork burden on the private sector. It is a very difficult thing to do. But we all know that it is very, very large.

Based on the testimony we received from labor organizations, from universities and State and local governments, as well as private industry, it is. So, it has grown tremendously, particularly as we add more and more regulatory programs. A great deal of paperwork

burden has been associated with regulatory programs, all within the last 10 years.

I would come back to your specific question. I would say that it is not only a major step, but it is a necessary step. It also means there is going to have to be continuous work in this field. It is not a dramatic kind of thing where you can say: No, we made a change and all of a sudden everything is now resolved.

It cannot be done that way. It takes a lot of hard grubby work.

Mr. HORTON. What you are saying is that we need something like this in order to accomplish substantial savings. As I recall, there were certain administrative functions that the Paperwork Commission proposed be changed. Some of them required administrative changes, others required legislation. We are at the point now where we need legislative changes.

This measure, in my judgment, and I assume in yours too, is an important change in order for major achievements to be accomplished in paperwork reduction.

Mr. STAATS. I would agree, right.

It tightens up the Federal Reports Act. It brings together these related activities as Mr. Lovelady stated so well a few minutes ago. It gives the OMB a stronger charter than it has had before. It puts more of the responsibility back in the agencies where it belongs.

I think it improves the coverage. As you well know, so much of the paperwork is not reviewed by anybody outside the immediate agencies.

I think all these things together make this an important piece of legislation and just makes a lot of good sense.

Mr. HORTON. I know it is difficult to come up with any specific figure for cost-savings resulting from enactment of a bill. The chairman asked a question with regard to the \$8 million of first year costs, however, which represents a net cost of approximately half of that figure, or \$4 million. Is there any way for you to give us any figure with regard to what benefits might result from this spending?

Mr. STAATS. I think the difficulty of quantifying it in overall terms is an obvious difficulty. What I think you can do is to demonstrate benefits by looking at individual cases. We can document this by our own experience in terms of audits that we have made in agencies like the Labor Department and other agencies. I do not, however, believe we can put it together in terms of overall gross benefits.

Mr. HORTON. I think it would be helpful, for example, if you could furnish for the record a statement which would tend to give us some sort of direction, some type of analysis of some of the things you have done which would tend to point the way to some of the benefits that might be achieved as a result of this bill.

Mr. STAATS. I would consult my colleagues. I believe we can do that.

Mr. JONES. Yes, we can. We will supply it.

Mr. HORTON. That will be helpful.

Mr. BROOKS. Very well.

Without objection, so ordered.

[See app. D, specifically enclosure II.]

Mr. HORTON. Another area with regard to the Federal Reports Act: The General Accounting Office is responsible for clearance of forms that come out of regulatory agencies. You are one of the different agencies that has forms clearance approval responsibility today.

Wouldn't that remove this authority from GAO and put it under the OMB?

Mr. STAATS. That is correct. I think we should stress, however, that the charter we have is a very weak charter in that we cannot deny approval of an information request, based on our determination that it is not needed. The regulatory agencies retain the right to make final judgments on their need for information.

The only time that we can disallow or prevent a questionnaire from being issued by an agency is if we can demonstrate—and the burden is on us—that that information is already available somewhere else in the Government, or that the gathering of the information would place an unnecessary burden on the respondents. That is not an easy thing to do.

In the final analysis, the agency has the right to go ahead even though we disagree. That is not to say that we have not made a major contribution. In the process of issuing our regulations, we require the agencies to do more of their homework before they come to us.

Through negotiations we have been able to get them to modify substantially many of their requests. But it has been without any kind of a charter where we could eventually say: No, you cannot do it. We do not have that.

Mr. HORTON. Is it your opinion that this bill, H.R. 6410, would go a long way toward correcting that problem and making a better arrangement with regard to forms clearance?

Mr. STAATS. It would.

Mr. HORTON. Do you feel that the provisions of H.R. 6410 would still permit the independence of the regulatory agencies—that we are not destroying or in any way diminishing the independence of those agencies?

Mr. STAATS. We do not think it would diminish the independence of the boards and commissions that have regulatory responsibilities or are classified by statute as independent regulatory bodies.

We do think those requests should be reviewed. We do think those agencies should be subject to the requirements that OMB would specify as to the kind of information that they should develop on the impact of those requests.

But if the OMB say we do not think it should go forward, we do agree that the independent agencies should have the right, by majority vote on the public record, to say: We think it is so important for our operation that we are going ahead.

Mr. HORTON. I want to thank you for your testimony.

I have 5 additional questions which I will have staff furnish to you. I will request that you prepare the answers and furnish them for the record.

Mr. STAATS. We will be happy to do that.

Mr. HORTON. Thank you.

Mr. BROOKS. Without objection, that will be a splendid way to do it. [See app. D, enclosure I.]

Mr. BROOKS. I want to thank you very much, General, for you and your staff coming down. I appreciate your courtesy and cooperation and your expertise.

Mr. STAATS. Thank you.

[Mr. Staats' prepared statement follows:]

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United States General Accounting Office  
Washington, DC 20548

FOR RELEASE ON DELIVERY  
EXPECTED AT 9:30 a.m.  
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STATEMENT OF  
ELMER B. STAATS  
COMPTROLLER GENERAL OF THE UNITED STATES  
BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES  
ON H.R. 6410, THE PAPERWORK REDUCTION ACT OF 1980

Mr. Chairman and Members of the Subcommittee:

We are pleased to appear before your Subcommittee today to discuss H.R. 6410, the "Paperwork Reduction Act of 1980." The bill would create a central office in the Office of Management and Budget (OMB) responsible for setting Government-wide information policies and for providing oversight for the agencies' information management activities. Such oversight would include periodic evaluations of the agencies' information management activities. The activities covered by the bill include reports clearance and paperwork control, statistics, privacy, automatic data processing, telecommunications, and records management.

We strongly support the objectives of H.R. 6410. We believe it provides for the first time the basic central management structure--including the authority, responsibility, and accountability--for exerting badly needed control and oversight for these interrelated areas.

Significantly, our analysis of the bill indicates that its provisions are generally consistent with many of the recommendations of the Commission on Federal Paperwork. I served as a member of that Commission under the able leadership of Congressman Frank Horton. I am very pleased that this Subcommittee is taking the initiative on many of the changes recommended by the Commission.

NEW MANAGEMENT STRUCTURE CREATED

I will now discuss the new management structure for the Government's information activities which would be created by the bill. The proposed structure consists of two key elements, both of which we believe are essential. First, a central office is created within OMB, with broad responsibilities for developing consistent information policies and overseeing agency activities. Second, a high-level official is to be designated within each agency who will be held accountable for insuring that the agencies effectively carry out their information management activities.

We favor the creation of a statutory office in OMB headed by an appointee of the OMB Director as provided in the



bill. Placing the office in OMB and providing this type of appointment would give the OMB Director line authority for exercising the office's functions to assure accountability to the President and the Congress.

We strongly support the creation of this structure which we believe should enhance the economy and efficiency of Government information activities and ultimately reduce the reporting, recordkeeping, and related regulatory burdens imposed on the public.

The bill authorizes specific funding to carry out the office's functions. We believe this is essential for the office to succeed. Historically, limited resources have been applied to the information management areas. Although additional resource allocations have recently been given to the paperwork and statistics areas, there is no certainty that the resource levels would continue under this or succeeding administrations. Accordingly, we agree the Congress should provide specific resource allocations to OMB to support these activities.

SCOPE OF ACTIVITIES  
ASSIGNED THE NEW OFFICE

I turn now to specific areas covered by the bill, including one area we think should be added. Under the bill, Federal information-related activities include reports clearance and paperwork control, statistics, privacy, records management, automatic data processing, and telecommunications.

We agree that the policy-setting and oversight responsibilities--but not the operating responsibilities--for these areas should be vested in the new OMB office. However, we also believe that oversight responsibility for Freedom of Information Act activities should be vested in the new office. This should facilitate the establishment of consistent policies and standards covering Federal information activities, including sharing and disclosure.

At the present time, OMB has some degree of responsibility in the paperwork, privacy, ADP, and telecommunications areas. Under the bill, the extent of OMB's responsibility in these areas will be expanded or modified. The areas of statistical policy and records management policy will be added. I will discuss the statistical policy function later.

With regard to records management, the bill recognizes the need to provide a cohesive Federal information policy and to coordinate the various components of Federal information practices. Records management, concerned with information use and disposition, is a vital element of information policy. In the past, this function has not received the level of management attention it deserves. For example, although GSA is authorized to do so, it does not report to OMB or to the Congress serious weaknesses in agencies' records management programs along with the potential for savings if corrective actions are taken. We pointed this problem out as early as 1973, but GSA's response to date has been inadequate.

We believe the assignment of oversight responsibility in OMB and the periodic evaluations required by the bill would remedy this situation. In so doing, the benefits which improved records management practices can bring to the performance of Federal programs can be realized.

Turning now to the Freedom of Information issue, OMB provides central direction and oversight of agencies' activities under authority of the Privacy Act, but the Freedom of Information Act does not require similar oversight. The Department of Justice has assumed this role to some degree. Justice provides continuing legal guidance and consultation and also handles litigation resulting from the agencies' denials of requests for records.

Our recent report on the Freedom of Information and Privacy Acts <sup>1/</sup> shows that these laws generally are effective tools for meeting congressional policy on openness in Government. We concluded that better oversight and executive direction can improve implementation.

In the report, we analyzed data on litigation, based on the Freedom of Information Act and other laws governing disclosure of and access to public records. Our analysis showed that, when sued, agencies often released considerable information in records they had originally denied requesters.

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<sup>1/</sup>An Informed Public Assures that Federal Agencies Will Better Comply With Freedom of Information/Privacy Laws (LCD-80-8, October 24, 1979).

On the basis of these results, we believe better policy guidance in advance of the litigation stage, coupled with better communication of the results of past cases, would reduce the necessity for future litigation.

We believe that giving OMB specific policy-setting responsibility for the Freedom of Information Act will provide this much needed executive direction and oversight. Furthermore, because the two laws were intended to complement each other on matters of public access to records, their administration within OMB would benefit from close coordination.

We strongly support the provisions in H.R. 6410 for consolidating, elevating, and clarifying OMB's policy function for the acquisition and management of automatic data processing and telecommunications resources. We are especially pleased that policy and oversight for ADP and telecommunications are included with the other functions in the bill. We have issued many reports on management problems and Government-wide issues in these rapidly growing areas calling on OMB to develop, strengthen, improve, or clarify its policy and guidance. We have also reported on the special and complex problems of privacy in ADP and communications systems. OMB has lacked both sufficient staff and the organization to address many of our recommendations and concerns. The bill's provisions for an administrator at a sufficient level of authority and separate fund authorization address these problems. The bill's ADP and telecommunications provisions

would accomplish several of the key recommendations of the President's Reorganization Project for Federal ADP Activities and are also generally consistent with several Paperwork Commission recommendations.

PAPERWORK AND STATISTICAL POLICY

H.R. 6410 would bring about significant changes in the controls over collecting information from the public, including

- ending the currently fragmented responsibility for reports clearance, including the transfer of GAO's clearance responsibility to OMB;
- combining the statistical policy function with reports clearance in a single organization; and
- amending the Federal Reports Act to clarify certain provisions and eliminate weaknesses.

I will discuss each of these changes in more detail.

Consolidating fragmented activities

Progress toward achieving the Federal Reports Act's paperwork control objectives is hampered because there is no central management authority. Instead, control responsibility is fragmented among three organizations--OMB, GAO, and the Department of Health, Education and Welfare (HEW)--and a substantial portion of the burden imposed on the public is outside the central control process. We strongly favor consolidating the fragmented responsibilities into the new OMB office and eliminating all exemptions to the Federal Reports Act clearance process.

Until 1973, the responsibility for paperwork control was in OMB. Then, (1) GAO was assigned responsibility for reviewing and clearing the independent regulatory agencies' reports; (2) HEW was tasked with a broad program for collecting data on health professions personnel, which was exempted from OMB's central review authority; and (3) the HEW Secretary was assigned responsibility over all Federal data collections from educational institutions and programs. This last responsibility will soon be transferred to the Secretary of Education, fragmenting responsibilities even further.

Finally, in 1977, the President shifted the responsibility for setting statistical policies and standards and coordinating Federal statistical activities from OMB to the Department of Commerce. These responsibilities are closely related to the Federal Reports Act objectives for controlling paperwork burdens. For example, the application of statistical procedures to information collection may be helpful in improving the quality of the information collected and in reducing the reporting burden imposed on the public.

Because of this close relationship, the necessary coordination between the two functions is enhanced if the functions reside in a single organization. There is also a need to balance the sometimes conflicting interests for paperwork reduction on one hand, and those for improved statistics on the other, which can best be performed if both functions are

in one organization. I therefore clearly favor transferring this function from the Department of Commerce to OMB.

In addition, agencies responsible for about 75 percent of the paperwork burdens are exempt from the Federal Reports Act. These include the Internal Revenue Service (IRS), other Treasury Department agencies, and supervisory functions of the bank regulatory agencies. The Commission on Federal Paperwork recommended, and we agree, that these exemptions should be eliminated. The obvious reason is that controls are weakened by the exemptions.

Preserving regulatory  
agencies' independence

A key issue raised as a result of these proposed changes is how to preserve the independence of the independent Federal regulatory agencies. For those agencies defined either in this bill or in their enabling legislation as independent regulatory agencies, section 3507 includes an important "override" provision. This section provides that OMB review proposed information collection requests. Any disapproval of a request proposed by an independent regulatory agency may be voided if the agency's members vote, by a majority, to override OMB's decision. We endorse this provision. It would allow for a "second look" by the affected regulatory agencies in cases where the proposal for collecting information appears questionable or seems

to require revision. The override provision would also preserve the authority of the independent regulatory agencies to determine their information needs.

We would expect that the override mechanism would be used infrequently. Our own experience and analysis of OMB's implementation of the Federal Reports Act indicate that, although revisions are frequently desirable, relatively few information-gathering proposals are denied outright. However, we believe that the independent regulatory agencies' use of the override should be made on the public record, so that the Congress can monitor these actions.

Needed changes to the  
Federal Reports Act

The changes in the organizational arrangements which I have just described are only part of the problem needing resolution. We believe that major revisions are needed to clarify and strengthen the Federal Reports Act, which was passed in 1942, but remains today the basic statute providing for the control of Federal paperwork burdens imposed on the public. These revisions are all incorporated in the bill. Difficulties we have experienced in administering our reports clearance responsibilities and our audits support our position that the changes are needed.

Section 101 of the bill replaces the Federal Reports Act, incorporating five needed changes. First, recordkeeping requirements are specifically included in the reports clearance



process (Sec. 3502 of proposed new Chapter 35 of Title 44). The Federal Reports Act is presently unclear on whether record-keeping requirements are subject to clearance. In practice, both GAO and OMB have required that they be cleared. Some agencies, however, have resisted compliance with these efforts.

Second, the act's definition of "information" is clarified to eliminate an ambiguity (Sec. 3502). For example, the Securities and Exchange Commission has interpreted the act to apply only to situations where the answers provided by respondents are to be used for statistical compilations of general public interest. This interpretation severely limits the coverage of the act and the controls over Federal information collection efforts.

Third, the bill clarifies agency responsibilities by requiring agencies to (1) eliminate duplication, (2) minimize burden, and (3) formulate plans for tabulating data before they request approval of forms (Sec. 3507(a)(1)). Under the Federal Reports Act, the responsibilities of the individual agencies are unclear. In some cases agencies have attempted to force upon OMB and GAO tasks which we believe the agencies should perform in developing their information collection instruments.

Fourth, OMB is required to evaluate the agencies' information management controls (Sec. 3504(b)(5)). This is consistent with a recommendation we made to OMB some years ago. However, OMB has not had the staff to adequately carry

out this function. Under such a requirement, OMB should identify ways to improve the individual agencies' information management controls.

Fifth, the bill authorizes OMB to delegate its clearance authority to the agencies (Sec. 3507(e)) in cases where the agencies have demonstrated sufficient capability. OMB would determine an agency's capability on the basis of the evaluations described above. This would enable OMB to shift its emphasis to a policy and oversight role in contrast to the time-consuming effort of clearing individual reporting and recordkeeping requirements. This issue is addressed in our recent report entitled "Protecting the Public from Unnecessary Federal Paperwork: Does the Control Process Work?" (GGD-79-70; September 24, 1979.)

Followup on Paperwork  
Commission recommendations

Further improvements in carrying out Federal information activities should be brought about as the agencies implement the Paperwork Commission's recommendations.

We are pleased that the bill extends for an additional 2 years OMB's statutory authority to oversee action on the recommendations of the Commission. OMB's September 1979 report states that almost half of the recommendations, including many requiring legislation, are still open. We believe the additional time is necessary to complete the job.

Federal Information Locator System

We endorse the creation of a Federal Information Locator System, which would provide a source for locating information maintained by different Federal agencies and which would help identify and eliminate unnecessary duplicate collections of information from the public. We recommended developing such a system in a 1975 report to the Senate Committee on Government Operations (GGD-75-85; July 24, 1975). We would suggest, however, that the Subcommittee consider amending Section 3511 to allow OMB to delegate operating responsibility for the system to another executive agency. This would enable OMB to focus its attention on the important policy and oversight responsibilities in the bill. OMB has begun work on a locator system and some progress has been made. Much remains to be done, however.

The development of the proposed locator system should be closely coordinated with GAO's efforts to maintain its inventory of Federal information resources. This inventory was established under Title VIII of the Congressional Budget Act of 1974 (P.L. 93-344). The proposed system addresses, as we do, the identification, location, and nature of agencies' information sources and their potential use in the congressional decisionmaking process.

Coordination between the proposed OMB office and GAO will insure that overlap and duplication of efforts are minimized. As developmental efforts of the locator system proceed, OMB may wish to incorporate some of the features

of our data files. And if the locator system can successfully meet its public use requirements and the Congress' information needs, we may wish to consider consolidating some of our data collection and related activities.

OMB recently reorganized its information and regulatory oversight activities, bringing together most of its existing functions related to H.R. 6410. This is a positive step. We do not, however, believe it negates in any way, the need for this legislation. Without the legislation, fragmented policy and oversight responsibilities will continue and badly needed changes in Federal information management controls will not be effected. The bill would greatly strengthen the hand of OMB in exercising its broad responsibilities for improving the management of the Federal Government.

In conclusion, we see enactment of H.R. 6410 as an important landmark in a concerted effort to establish consistent Federal information policies. The management structure and tools put into place by this legislation will assist us in working toward solutions for the many information problems now existing. We should not, however, deceive ourselves or others that this legislation represents more than the beginning of a long and difficult task.

This concludes my prepared statement. We have a number of technical suggestions for the bill which we will be happy to discuss with your staff. We shall be pleased to answer any questions which you or other Members of the Subcommittee may have.

Mr. BROOKS. Our next witness is Phil Kiviat. He is with the Washington office of SEI Computer Services, a computer consulting and software company.

He is appearing today in his capacity as Task Group Leader for the President's Federal Automatic Data Processing Reorganization Project.

Before joining SEI, Mr. Kiviat was Technical Director of the Federal Computer Performance Evaluation and Simulation Center. In this capacity, he has assisted the committee on numerous occasions.

It is good to see you again and we are delighted to have you with us.

Mr. Kiviat is accompanied by Mr. Robbin R. Hough, professor of economics and management at Oakland University, and Mr. Alton P. Jensen, who has been with the Georgia Institute of Technology since 1957. Both Mr. Hough and Mr. Jensen also served on the President's Data Processing Reorganization Project.

Welcome gentlemen. Mr. Kiviat, your full statement will appear in the hearing transcript.

You may proceed.

**STATEMENT OF PHILIP J. KIVIAT, THE PRESIDENT'S FEDERAL  
AUTOMATIC DATA PROCESSING REORGANIZATION PROJECT;  
ACCOMPANIED BY ROBBIN R. HOUGH, PROFESSOR OF ECONOMICS  
AND MANAGEMENT, OAKLAND UNIVERSITY; AND ALTON P.  
JENSEN, GEORGIA INSTITUTE OF TECHNOLOGY**

Mr. KIVIAT. Thank you, Mr. Chairman.

We appreciate your invitation to be here today to discuss H.R. 6410 from the perspective of the President's Federal Data Processing Reorganization Project, which studied Federal data processing intensively from August 1977 through April 1979, when it submitted its final report to OMB for transmittal to the President.

With me today are Alton P. Jensen of Georgia Tech, who was a member of the Central Agencies Study Team, and Robbin R. Hough of Oakland University, who was the Leader of the Human Resources Study Team. I served as Leader of the Operational Management Team.

I would like to submit for the record, in addition to these remarks, the 10 study team reports, and the final report of the project.

Mr. BROOKS. Without objection, so ordered.

[See appendix C.]

Mr. KIVIAT. Late in 1977, President Carter constituted the Federal Data Processing Reorganization Project as one of 31 Presidential reorganization projects. Staffed with 55 professionals recruited from the private and public sectors, the project team studied planning and management issues which were felt to be unique to individual operating agencies, and issues common to all agencies. The project was divided into 10 teams, each of which prepared a separate report and contributed to the project's final recommendations.

The 10 teams were: Human Resources, National Security, Small Users, General Government, Science and Technology, Acquisition, Operational Management, Standards, Personnel, and Central Agencies—such as OMB, GSA, and NBS.

H.R. 6410 addresses several of the major concerns with Federal information technology management expressed by the Federal Data Processing Reorganization Project.

We are immensely gratified to be able to be here today to present the project's findings and recommendations and to support passage of the legislation.

But before I speak to specific issues the bill addresses, allow me to put the project in some perspective.

For at least 10 years, Federal task forces and committees, the General Accounting Office, and, at times the public, have been critical of the way in which the Government plans for and manages data processing and telecommunications, what the Data Processing Reorganization Project and many others now call "information technology." In 1971 a Task Force on "Long-Range Plans for ADP in the Federal Government" reported to the Interagency Committee on Automatic Data Processing that "imaginative use of data processing in management decisionmaking, planning, objectives formulation, course of action selection, resources allocation, and the like, has barely been touched."

There were years of repeated comments like this, and other criticisms, such as:

Some uses of computer technology by Federal agencies represent a threat to individual privacy;

Delays or inaccuracies in computer assisted processing of applications for Federal assistance, issuance of checks and other transactions by the Government are increasing; and

Hundreds of millions of taxpayers dollars have been wasted or lost through mismanagement and misuse of computer resources that prompted the President to establish the Data Processing Reorganization Project.

There was suspicion that despite the wealth of policies, regulations, and procedures surrounding Federal data processing; despite the high-level organizations mandated by Public Law 89-306 to oversee and manage it; and despite the considerable funds being spent—\$3.1 billion in fiscal year 1976, the year before the project was initiated; \$5.3 billion estimated for fiscal year 1980—the Nation was not getting its money's worth, the Government was using its computers ineffectively, and the situation was getting worse rather than better as time went by.

For an economy and a Government increasingly dependent on computers and communications, this situation was alarming, not only for the waste of resources some claimed was endemic, but for the opportunities that were being lost to put information technology to work making Government more responsive to the needs of its citizens, more efficient, and better able to function in this new computer age where, for some organizations like the IRS and the Social Security Administration, the computer is the only way in which a basic function of government can be carried out.

The reorganization project views information technology as a critical national resource. It is from that perspective that many of our recommendations must be viewed.

It was with this background that the project staff went about its investigation into how the Federal Government uses and manages its information technology resources.

Ten study team reports produced many specific findings, conclusions, and recommendations. I would like to itemize those that are relevant to this hearing and which are the most significant of all.

First, the Federal data processing management structure is generally sound. Most of the teams concluded that the management approach for computer technology, as envisioned by the Brooks Act, Public Law 89-306, is generally sound. It is not the law, but rather the implementation of the law, that has been deficient.

Second, data processing problems are symptoms of broader management weaknesses. Many of the teams felt that the problems are not unique to data processing—but are extensions of larger problems in the management of Federal programs and resources. There was a general feeling by all the groups who looked at agencies operations of widespread mismanagement of Federal resources, and especially the lack of accountability in the way those resources were used.

Third, top management has failed to get involved. Most of the teams felt that top management, at all levels of Government, has failed to recognize the potential benefits of information technology for improving agency performance, has failed to give data processing the high level of attention it warrants, and has not involved itself in decisions regarding its application. The teams found that in many organizations data processing is viewed as a routine administrative service, like printing or reproduction, rather than a tool to improve delivery of services and management of the agencies themselves.

Senior agency managers do not have, nor do they seem to demand, information systems that will assist them in evaluating and reviewing agency programs.

Everyone agreed that the application of information technology to program missions, was the primary responsibility of agency management. They did not feel that the managers within the agencies were exercising this responsibility. Moreover, they found that users of information technology services, for example, were seldom held accountable for the effective use of those services, or for the planning and justification of future use.

Decisions about data processing and communications were seen to flow up rather than down in the agency hierarchy. There were few measures of mission performance and there were few examples of management information systems used by agency managers for agency management.

Fourth, the need to strengthen central leadership. One of the teams described Federal data processing management as "a ship without a rudder, or more possibly a ship with 100 rudders." There was a general consensus that more positive direction and leadership is needed. This has been a continuing concern of reviewers of Federal ADP management. The 1971 IAC/ADP report recommended that "the Office of Management and Budget should sustain a strong leadership of other agencies of the executive branch, particularly those with Government-wide ADP responsibilities \* \* \*" and the 1979 PRP final report reported, "The Office of Management and Budget should establish an Office of Information Resource Management [IRM] at the Executive Associate Director level. The person holding this position should be given a broad mandate to create and reinforce a good system of information technology management." A senior, visible executive is needed to signal the Government's concern and to exercise OMB's authority.

There was expressed the need to unify the many responsibilities that were spread across GSA, the Department of Commerce, and OMB, and again to assign accountability.

Fifth, there is a need for better audit and review mechanisms. Several teams felt that one of the major deficiencies in the current system is the lack of timely audit and review mechanisms, especially within the agencies. As a result, it is not uncommon for the first indication of problems to come from a GAO audit. Long computer system acquisition times, often cited as evidence of too rigid a system of central oversight controls, can also be interpreted as failures of the intra-agency management process to produce acceptable studies and procurement documents. Impartial, objective internal agency reviews by qualified auditors or technical specialists were found to be the exception rather than the rule.

These were the general findings that the 10 study teams seemed to agree on.

Specific findings in the areas of national security and human service delivery were particularly alarming to many people.

One, that our military enterprise is operationally vulnerable as a consequence of aging equipment and policies that provide little or no backup to insure reliable operation in the face of emergencies or disasters; and

Two, where information technology could be dramatically improving the delivery of human services at all levels—determining eligibility, measuring performance, compiling data, showing trends, assisting appeals, et cetera—the Federal Government is still attempting to conduct these programs with the tools and resources of the 1960's.

The Government was once a leader in data processing. That is no longer true.

The first finding clearly has to do with Federal ADP management practices. Questions such as: When should computers be replaced? What constitutes obsolete technology? What is an unacceptable level of reliability? Not only are these not answered today, but I question if there is even an organization clearly responsible for finding answers. Responsibility bobs like a cork between OMB, GSA, and NBS, and the agencies, and the public, are the ones that suffer.

The second finding has to do with information technology leadership, that aspect of management that encourages the use of new technology, that fosters experimental programs and that sets a general spirit of "Let us find ways to do it better and/or cheaper" for the organizations and people that look to the management group for direction.

The finding is alarming in that it seems to point out the need for executive intervention to stimulate advances in the way the Government is delivering basic public services, if the improvements that are technologically possible today, and should be provided to the public, are to be made.

The present system is just not doing things that can and should be done.

The study teams found that agencies need guidance in interpreting and carrying out policies and regulations, need support when confronting forces opposed to introducing new ideas, or initiating new technology programs, and need an advocate, in general, of the use of information technology as a major force in agency program management and, more importantly, service delivery.



The teams also expressed a need for more central management concern with improving the process of information technology management, so there could eventually be less central agency regulation rather than more.

This was to be carried out by applying the concept of earned autonomy, which establishes procedural rules for carrying out some function, such as conducting a computer acquisition, and grants operating autonomy to organizations that can demonstrate the capacity to manage the function as it was intended.

I cite as an example of this the proposed blanket delegation of procurement authority to qualified agencies that has been talked about within GSA but has not materialized.

The study teams also saw a need for a senior central management that understands that computers are not just glorified typewriters or adding machines, but timely new tools that offer new alternatives for carrying out missions and programs and for managing the programs.

An important role of these senior managers would be to carry these ideas to agency heads and the higher councils of Government. There is an important advocacy role for this leadership group.

The Office of Information Policy established by H.R. 6410 will be the managerial focal point called for by the project. The bill will give a single organization responsibility and resources for interrelated management elements that have been heretofore separated organizationally. They are: rulemaking, such as establishing policies, principles, standards, and guidelines; monitoring the effectiveness of directives; monitoring compliance with directives; providing technical and budgetary guidance; and reviewing and reporting on progress.

The bill takes the critically important step of explicitly assigning tasks and deadlines to the Office of Information Policy and to the agencies. It creates accountability. The significant acts of centralizing agency responsibility and mandating specific review activities will force a much overdue reexamination of internal agency procedures, capabilities, and policies, and force some bureaucracies to do jobs they have avoided doing for years.

H.R. 6410 sets a new direction for Federal information policy. It adds substance, specificity, and vigor to the present vague, formless, and aimless ADP management system.

It is interesting to note that several companies today present rather well-attended courses on how to deal with the complexities of the Government's ADP procurement process. I have a feeling that those companies should not find as ready a market for their services as they do. The Government's internal processes should be clearer, and it should be able to communicate them to its own employees. H.R. 6410 acknowledges that there is a need and a reason for leadership, and for unambiguous oversight. It calls for extensive changes in the way everyday business is done, and in how agencies view themselves and the central management organizations. It also calls for a rethinking of the OMB position of strict impartiality which has led at times to paralyzing detachment, and for a much needed enlargement of the duties of the "M" side of the OMB house.

All these changes are overdue. They were all recognized by the President's Data Processing Reorganization Project and the project offered recommendations concerning them.

I believe I reflect the sentiments of the Data Processing Reorganization Project in saying that the bill furthers the ends advocated by the project's final report, and that it does so through means consistent with those the project advocated.

Like all far-reaching reforms, H.R. 6410 will face implementation difficulties. Radical change is never accepted or instituted easily. But unless you are satisfied with the status quo, which I am not, or you are willing to accept the rate at which the Federal Government is falling behind the private sector in making use of information technology to control and reduce costs, and to deliver new and improved services, which I am not, H.R. 6410 must be supported.

I thank you, Mr. Chairman, for the opportunity to testify on this matter. We will be glad to answer any questions you or the other members of the subcommittee may have.

Mr. Brooks. First, I want to thank you for a very fine and well thought out statement. It is instructive and helpful. It is a good reflection of the findings of your commission.

We are delighted you think this bill would meet most of the objectives and that you have the concurrence of your other members.

The President's ADP Reorganization Project identified numerous operational, managerial and technical problems associated with the way the Government acquires and uses information technology.

In your view, is it possible to resolve these problems without first strengthening the central management and oversight of these resources by OMB?

Mr. KIVIAT. I do not believe so. There is a required centralization of responsibility which Mr. Staats commented on. There is a need to clarify accountability and make accountability visible. There is a definite need for leadership and advocacy and there is a definite need for resources within OMB and the agencies to carry out these functions.

I do not believe those things will happen without the bill.

Mr. Brooks. Can you cite a specific example where improvement in an agency's use of information technology would have greatly increased program performance?

Mr. KIVIAT. I would like to ask Mr. Hough to answer that.

Mr. HOUGH. The Human Resources Team felt that in the course of its part of the project it ought to look at a series of, if you will, missed opportunities or cases where some substantial gains might be made. It concentrated especially on the problem of agencies that simply were not performing some mission that they had been given to carry out in the way it seemed they might be performing it and asking ourselves, in essence: Would it be possible to put some of that new technology in place and produce improved results?

I would cite as a specific example of this kind of problem the black lung program, which the Congress implemented many years ago and was pursued with renewed vigor in 1977 shortly after our program began.

At the time we did our review, the average delay between the time the initial application might be made for benefits under that act and the time the benefits were received was 630 days. We saw, as a result of our work, that they could have automated the registration process right out in the localities where the applicants were applying

for benefits. Instead, in fact, paperwork was being a little bit mismanaged in the field and was coming to Washington and then going back to the field. There resulted an incredible cycle which eventually led to delayed times.

We found that pulmonary evaluations that were being routinely conducted using automated systems in Denver, Houston, and elsewhere, could have been introduced and have reduced some of the problems with providing complete physical examinations.

In general, we came to a number that I think is interesting, given Mr. Horton's question about the costs of the bill. In one of the estimates we made, we concluded that the program was currently costing \$41 million a year to run. Its costs could have been reduced to \$17 million.

A savings of that kind would be enough to implement your bill.

I called for an update when I learned of your hearing and talked a bit with Secretary Elisburg. Indeed, automation has not been introduced on anything near the scale that we suggested. There is still a very large backlog, though, in point of fact, there has been some automation introduced in the registration process.

But I think the most poignant story is one which I picked out just a few moments ago indirectly from one of the Human Resources Team efforts.

During the course of our study, we felt that we not only needed to look at some of the technology issues and some of the management issues, but we needed to get out and see how they affected the American people.

The team went out to Beckley, W. Va. One of the persons whom the team followed through the process of applying for benefits was named Samuel Burke.

Samuel Burke passed away just 1 month ago, 1 month after being declared eligible for black lung benefits.

Mr. BROOKS. How long did it take him to get qualified?

Mr. HOUGH. Just over 2 years.

Mr. BROOKS. There was a decided human impact there.

Mr. HOUGH. Indeed.

Mr. BROOKS. Can you cite any other examples that you think might be as poignant as the black lung cases? Did you have any others? If you do, can you give us a little rundown for the record?

Mr. HOUGH. There are a number in different directions. I think one that substantial strides have been made in, but one in which there is much to go is the social security disability appeals process.

This is one in which the front-end eligibility determination has been a quick and rapid process, but it is one in which people are shuffled in the front door, declared ineligible, go out the back door into an appeals process, which then takes 2 years.

If my recollection is correct, the life expectancy of the people appealing is about 3 years.

Mr. BROOKS. Your project has recommended that a central manager for information resources be created in each agency. Would you give the subcommittee your views on the benefits of having such an office?

Mr. KIVIAT. I would like Pete Jensen to handle this question.

Mr. JENSEN. Working with the central agency groups, we very strongly advocated a management position very similar to the one

called for in this piece of legislation. This is in recognition of the fact that it is important to do more than establish this policy responsibility with OMB.

We feel that it is necessary to establish a mechanism within the agencies through which the policy can be expedited by OMB. This comes about as a consequence of one of the central findings of the study itself, which showed that there is a very clear inability on the part of top mission managers to manage the technology itself.

We view this as being hopefully an interim position that is necessary to support these managers until such time—and no telling how long it will take—for those of us who are in mission management positions, to become sufficiently aware of the technology and are capable of making decisions necessary to expedite the policies.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

I want to join with you in thanking Mr. Kiviat and Mr. Jensen and Dr. Hough for their willingness to serve on this reorganization project. I know it takes a lot of extra time to serve on this type of project. You get all wrapped up in it and get a great deal of enthusiasm. When you make your final report, you are hopeful that the results of your study are going to be acted upon immediately. Then all of a sudden, because the Federal Government is a big organization with a lot of bureaucracy, nothing happens. Sometimes it gets very discouraging.

So, I am happy also that you are here today to present your views. I am pleased that this legislation seems to be one of those steps in the right direction to carry out some of the recommendations that you made.

I would like to ask you, Mr. Jensen, if you are in accord with the statements made by Mr. Kiviat?

Mr. JENSEN. Yes, sir.

Mr. HORTON. How about you, Dr. Hough?

Mr. HOUGH. Yes, sir.

Mr. HORTON. So, both of you agree generally with the statement he has made about the importance of this legislation.

As you know, OMB recently had a reorganization of its information offices. Is that change responsive to your reorganization projects' recommendations regarding the organizational placement of the information policy function?

Mr. KIVIAT. Actually, while I believe the reorganization is a positive step, specifically it is not responsive to what we were calling for. What we asked for was establishment of an office at a senior executive level in the agency, an executive associate director level, with the understanding that someone at that level would be needed to exercise the clout and have the visibility needed to provide the management impetus.

In practice, what OMB has done is actually move the level of the person who has information policy responsibility from a deputy associate director to a deputy assistant director, or reduced the effective level of the person who has operating responsibility.

Mr. HORTON. Do you feel the creation of the statutory office as called for in this bill will meet your concerns about that?

Mr. KIVIAT. There is that aspect of it, yes. There are also some other aspects of the bill that are not present in the OMB reorganization.

One, the OMB reorganization, as I understand it, dilutes rather than increases the resources that are devoted to information policy

in that it creates a desk officer situation whereby individuals are given agency responsibility that span the concerns of the office: Regulatory policy, paperwork policy, information policy, and the like.

So, rather than having a group of people dedicated to any one particular function, you now have a group of people with varying responsibilities. You can never be sure what resources will be assigned or what the direction will be from year to year or even month to month.

Mr. BROOKS. You would assume that kind of management would have input from experts in the components that they are trying to put in place; would you not?

Mr. KIVIAT. I hesitate to make those assumptions.

Mr. BROOKS. You could have an expert in each area for each agency. Or, you can go at it with an expert in each agency with some input in those areas to handle the agency.

Mr. KIVIAT. There has always been the question as to whether you divide things functionally or otherwise. I think in this area there has been a concern for years that OMB has not had sufficient resources to handle the information policy functions.

Right now, in one respect, they are allocating even fewer resources because they are dividing up the people. You can look at it one way as: Is it better to have 50 generalists with partial responsibility, or 8 specialists with full responsibility?

Mr. HORTON. You bring up another point that may not be directly involved here, although maybe it is. That is a problem that the Office of Management and Budget has had, not only in this administration, but in other administrations, too: The desire to keep within certain limits personnel- and money-wise.

There is another very important function which must be considered, too, I think you mentioned in your testimony. That is the function of management. OMB used to be the Bureau of the Budget. Budget was one function. Now it is the Office of Management and Budget—two functions.

Principally—and I am oversimplifying—OMB devotes too much of its attention to the budget functions; it has not really given the management function its due.

It seems to me what we are trying to do in this bill, among other ways by talking in terms of added resources, is giving more impetus to management. I think it's important that the general public understand that when we do this, even though we are increasing the size of the Office of Management and Budget—and this bill will increase the budget—it will also save literally millions of dollars.

You have given a couple of good examples of savings. Mr. Staats has given some others. I am familiar with others so far as the paperwork burden is concerned.

So, we are talking about saving hundreds of millions of dollars by this type of step.

Would you generally agree with that?

Mr. KIVIAT. Yes, I would.

Mr. HOUGH. The timing which you envision in the bill is superb on the issue of putting first the definition of the audit standards. It is an opportunity to put in place performance measurements for agencies right at the beginning that begin to bring together the kinds of conceptualizations needed to view the agencies' whole problem from a managerial point of view.

Mr. BROOKS. Did you have something to add?

Mr. JENSEN. I think one of our central concerns with regard to this business is that we are very often talking about OMB establishing policy. The mechanism for management involves advocacy to follow through to see that the policy has been expedited.

One of the crucial things that needs to be provided is that mechanism. One of the things that the PRP report covered was a necessary feed-back mechanism on mission performance and accountability through the budget process to provide the mechanism within the OMB for effectively knowing when a program has been managed and when it is in compliance with the policy and when it is meeting the standards set forth.

Mr. BROOKS. The OMB has accountability now if they exercise it.

Mr. JENSEN. Yes.

Mr. BROOKS. If I am handling the budget, I can get a report on how you are doing. It is no problem. All I have to do is tell you we are waiting for those reports before acting on submitting your budget to the President. They may work nights, but you will get it. They do not have to like it, either.

I think Jim McIntyre is doing a good job over there. An OMB Director, if he wants to, can be a very effective policymaker for agencies, particularly, and only if he has the full confidence of the Chief Executive. Otherwise, the agency heads and the department heads go right around him and go cry and tell the President their troubles: They do not understand. They moan and sigh. You know how that goes.

Mr. JENSEN. The majority of our findings and positions were taken in terms of tenure of an office that was not Mr. McIntyre's. We are encouraged by his work, too.

Mr. HORTON. I have a lot of respect for Mr. McIntyre and the job he has done as Director and also for the support he has from the President.

With regard to paperwork, the President recently signed an Executive order. Mr. Brooks and I were both present when he did that. I was very impressed with what the President has done and also what he proposes to do in that Executive order.

From a bipartisan standpoint, I could not be critical of that at all. I think he has done an excellent job, and I feel the same way about what Mr. McIntyre has done.

I was not attempting to criticize. I did not want it to appear that way at all. I feel that Mr. McIntyre is a very capable person with regard to the work of the OMB. I was just trying to emphasize that there is a need for this type of legislation.

The general public is not generally willing to accept budgetary increases, but this is one of those types of increases, it seems to me, that is going to save money by spending money.

That is what we do with the GAO. If we got rid of the GAO, we would save a lot of money, but on the other hand it would cost us a lot more because they would not do the audits and other things that result in net cost savings.

Mr. BROOKS. I want to thank you gentlemen for coming down. We appreciate your testimony, your cooperation, and particularly the 2 years of dedicated effort that you put into the study in an effort to make the management of the Government better.

[Mr. Kiviat's prepared statement follows:]

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STATEMENT OF  
PHILIP J. KIVIAT  
SEI COMPUTER SERVICES

BEFORE THE

SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES

ON

H.R. 6410 THE PAPERWORK REDUCTION ACT OF 1980

Mr. Chairman and Members of the Subcommittee:

We appreciate your invitation to be here today to discuss H.R. 6410 from the perspective of the Presidents Federal Data Processing Reorganization Project, which studied Federal data processing intensively from August 1977 through April 1979, when it submitted its final report to OMB for transmittal to the President. With me today are Alton P. (Pete) Jensen of Georgia Tech who was the leader of the Central Agencies Study Team and Robbin Hough of Oakland University, who was the leader of the Human Resources Study Team. I served as Leader of the Operational Management Team. I would like to submit for the record, in addition to these remarks, the ten Study Team reports, and the final report of the Project, plus additional comments if I feel they will clarify my statement subsequent to this hearing.

Introduction

Late in 1977 President Carter constituted the Federal Data Processing Reorganization Project as one of 31 Presidential Reorganization Projects. Staffed with 55 professionals recruited

from the private and public sectors, the project team studied planning and management issues which were felt to be unique to individual operating agencies, and issues common to all agencies. The Project was divided into ten teams, each of which prepared a separate report and contributed to the Project's final recommendations.

The ten teams were:

- Human Resources
- National Security
- Small Users
- General Government
- Science and Technology
- Acquisition
- Operational Management
- Standards
- Personnel
- Central Agencies

H.R. 6410 addresses several of the major concerns with Federal information technology management expressed by the Federal Data Processing Reorganization Project. We are immensely gratified to be able to be hear today to present the Project's findings and recommendations and to support passage of the legislation. But before I speak to specific issues the bill addresses, allow me to put the Project in some perspective.

#### Background

For at least ten years Federal Task Forces and Committees, the General Accounting Office, and at times the public have been



critical of the way in which the Government plans for and manages data processing and telecommunications, what the Data Processing Reorganization Project and many others now call "information technology". In 1971 a Task Force on "Long-Range Plans for ADP in the Federal Government" reported to the Interagency Committee on Automatic Data Processing that "imaginative use of data processing in management decision-making, planning, objectives formulation, course of action selection, resources allocation, and the like, has barely been touched." It was years of repeated comments like this, and other criticisms such as:

- some uses of computer technology by Federal agencies represent a threat to individual privacy
- delays or inaccuracies in computer assisted processing of applications for Federal assistance, issuance of checks and other transactions by the Government are increasing
- hundreds of millions of taxpayers dollars have been wasted or lost through mismanagement and misuse of computer resources

that prompted the President to establish the Data Processing Reorganization Project.

There was suspicion that despite the wealth of policies, regulations, and procedures surrounding Federal data processing; despite the high-level organizations mandated by PL 89-306 to oversee and manage it; and despite the considerable funds being spent (\$3.1 billion in FY 1976, the year before the Project was initiated; \$5.3 billion estimated for FY 1980) the Nation was not

getting its money's worth, the Government was using its computers ineffectively, and the situation was getting worse rather than better.

For an economy and a Government increasingly dependent on computers and communications, this situation was alarming, not only for the waste of resources some claimed was endemic, but for the opportunities that were being lost to put information technology to work making Government more responsive to the needs of its citizens, more efficient, and better able to function in this new computer age where for some organizations, like the IRS and the Social Security Administration, the computer is the only way in which a basic function of government can be carried out.

It was with this background that the project staff went about its investigation into how the Federal Government uses and manages its information technology resources.

#### Findings

Ten Study Team reports produced many specific findings, conclusions, and recommendations. Those that are relevant to this hearing however, and which are the most significant of all, are:

- The Federal data processing management structure is generally sound. Most of the teams concluded that the management approach for computer technology, as envisioned by the Brooks Act (P.L. 89-306), is generally sound. It is not the law, but rather the implementation of the law, that has been deficient.

- Data processing problems are symptoms of broader management weaknesses. Many of the teams felt that the problems are not unique to data processing -- but are extensions of larger problems in the management of Federal programs and resources.
- Top management has failed to get involved. Most of the teams felt that top management, at all levels of Government, has failed to recognize the potential benefits of information technology for improving agency performance, has failed to give data processing the high level of attention it warrants, and has not involved itself in decisions regarding its application. The teams felt that in many organizations data processing is viewed as a routine administrative service like printing or reproduction, rather than a tool to improve delivery of services and management of the agencies. Senior agency managers do not have, nor do they seem to demand, information systems that will assist them in evaluating and reviewing agency programs.
- Need to strengthen central leadership. One of the teams described Federal data processing management as "a ship without a rudder, or more possibly a ship with 100 rudders." There was a general consensus that more positive direction and leadership is needed. This has been a continuing concern of reviewers of Federal ADP management. The 1971 IAC/ADP report recommended that "the Office of Management and Budget should sustain a strong leadership of other Agencies of the Executive Branch, particularly those with Government-wide ADP responsibilities ...." and the 1979 PRP final report reported "The Office of Management and Budget should establish an Office of Information Resource Management (IRM) at the Executive Associate Director level. The person holding this position should be given a broad mandate to create and reinforce a good system of information technology management." A senior, visible executive is needed to signal the Government's concern and to exercise OMB's authority.
- There is a need for better audit and review mechanisms. Several teams felt that one of the major deficiencies in the current system is the

lack of timely audit and review mechanisms, especially within the agencies. As a result, it is not uncommon for the first indication of problems to come from a GAO audit. Long computer system acquisition times, often cited as evidence of too rigid a system of central oversight controls can also be interpreted as failures of the intra-agency management process to produce acceptable studies and procurement documents. Impartial, objective internal agency reviews by qualified auditors or technical specialists were found to be the exception rather than the rule.

Specific findings in the areas of national security and human service delivery were particularly alarming:

- Our military enterprise is operationally vulnerable as a consequence of aging equipment and policies that provide little or no backup to insure reliable operation in the face of emergencies or disasters.
- Where information technology could be dramatically improving the delivery of human services at all levels (determining eligibility, measuring performance, compiling data, showing trends, assisting appeals, etc.) the Federal government is still attempting to conduct these programs with the tools and resources of the 1960's.

The first finding clearly has to do with Federal ADP management practices. Questions such as: When should computers be replaced? What constitutes obsolete technology? What is an unacceptable level of reliability? not only are not answered today, but I question if there is even an organization clearly responsible for finding answers. Responsibility bobs like a cork between OMB, GSA and NBS, and the agencies, and the public, are the ones that suffer.

The second finding has to do with information technology leadership, that aspect of management that encourages the use of new technology,

that fosters experimental programs and that sets a general spirit of "lets find ways to do it better and/or cheaper" for the organizations and people that look to the management group for directions.

The finding is alarming in that it seems to point out the need for executive intervention to stimulate advances in the way the Government is delivering basic public services, if the improvements that are technologically possible today, and should be provided to the public, are to be made.

The Study Teams found that agencies need guidance in interpreting and carrying out policies and regulations, need support when confronting forces opposed to introducing new ideas, or initiating new technology programs, and need an advocate, in general, of the use of information technology as a major force in agency program management and service delivery. The Teams also expressed a need for more central management concern with improving the process of information technology management, so there could eventually be less central agency regulation. This was to be carried out by applying the concept of Earned Autonomy, which establishes procedural rules for carrying out some function, such as conducting a computer acquisition, and grants operating autonomy to organizations that can demonstrate the capacity to manage the function as it was intended. The Study Teams also saw a need for a senior central management that understands that computers are not just glorified typewriters or adding machines, but timely new tools that offer new alternatives for carrying out missions and

programs and for managing the programs. An important role of these senior managers is to carry these ideas to agency heads and the higher councils of Government.

Relation of the Project to H.R. 6410

The Office of Information Policy established by H.R. 6410 will be the managerial focal point called for by the Project. The bill will give a single organization responsibility for interrelated management elements that have been heretofore been separated organizationally:

- Rulemaking, eg. establishing policies, principles, standards and guidelines
- Monitoring the effectiveness of directives
- Monitoring compliance with directives
- Providing technical and budgetary guidance
- Reviewing and Reporting

The bill takes the critically important step of explicitly assigning tasks and deadlines to the Office of Information Policy and to the agencies. The significant acts of centralizing agency responsibility and mandating specific review activities will force a much overdue reexamination of internal agency procedures, capabilities, and policies, and force some bureaucracies to do jobs they have avoided doing for years.

Conclusion

H.R. 6410 sets a new direction for Federal information policy. It adds substance, specificity, and vigor to the present vague,

formless, and aimless ADP management system. It acknowledges that there is a need and a reason for leadership, and for unambiguous oversight. It calls for extensive changes in the way everyday business is done, and in how agencies view themselves and the central management organizations. It also calls for a rethinking of the OMB position of strict impartiality which has led at times to paralyzing detachment, and for a much needed enlargement of the duties of the "M" side of the OMB house. All these changes are overdue. They were recognized by the Data Processing Reorganization Project and the Project offered recommendations concerning them.

I believe I reflect the sentiments of the Data Processing Reorganization Project membership in saying that the bill furthers the ends advocated by the Project's final report, and that it does so through means consistent with those the Project advocated.

Like all far reaching reforms, H.R. 6410 will face implementation difficulties. Radical change is never accepted or instituted easily. But unless you are satisfied with the status quo, which I am not; or you are willing to accept the rate at which the Federal Government is falling behind the private sector in making use of information technology to control and reduce costs, and to deliver new and improved services, which I am not, H.R. 6410 must be supported.

I thank you, Mr. Chairman, for the opportunity to testify on this matter. We will be glad to answer any questions you or the other members of the Subcommittee may have.

Mr. BROOKS. Further hearings on the Paperwork Reduction Act of 1980 will be scheduled later this month.

I yield to Mr. Horton for a motion.

Mr. HORTON. Mr. Chairman, due to the sensitive subject matter to be considered at the subcommittee hearings to be held between February 10 and February 18, I move that those hearings be closed.

Mr. BROOKS. All those in favor, say aye.

[Chorus of ayes.]

Mr. BROOKS. Opposed, nay.

[No response.]

Mr. BROOKS. The ayes have it and the motion is agreed to.

This hearing is now adjourned, subject to the call of the Chair.

[Whereupon, at 10:58 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]



## PAPERWORK REDUCTION ACT OF 1980

THURSDAY, FEBRUARY 21, 1980

HOUSE OF REPRESENTATIVES,  
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2154, Rayburn House Office Building, Hon. Jack Brooks (chairman of the subcommittee) presiding.

Present: Representatives Jack Brooks, Elliott H. Levitas, and Frank Horton.

Also present: Eugene F. Peters, staff director; William M. Jones, general counsel; Elmer W. Henderson, senior counsel; Cynthia Meadow, professional staff member; James E. Lewin, professional staff member; Linda Shelton, office manager; Mary Oliver, secretary; and Stephen M. Daniels, associate minority counsel, Committee on Government Operations.

Mr. Brooks. The subcommittee will come to order.

Today, we continue our hearings on H.R. 6410, the Paperwork Reduction Act of 1980.

In our February 7 hearing, we heard testimony from Comptroller General Staats and representatives of the President's ADP reorganization project in support of this legislation.

General Staats testified that H.R. 6410 would consolidate currently fragmented information policy and oversight functions in OMB and would result in substantial improvement of Federal information management activities.

Mr. Phil Kiviat, representing the ADP reorganization project, testified that the bill addressed several of the major concerns with Federal information technology management expressed by the project team. Mr. Kiviat also said that H.R. 6410 would provide for a much needed enlargement and support of the duties of the management side of OMB which the project team believes is long overdue.

Our first witness today is Mr. Don Alexander, vice chairman of the Citizens Committee on Paperwork Reduction. He was a member of the Paperwork Commission. From 1973 to 1977 he was Commissioner of the Internal Revenue Service. He now practices law in Washington, D.C.

We welcome you, Mr. Alexander.

You may proceed.

**STATEMENT OF DONALD C. ALEXANDER, VICE CHAIRMAN, CITIZENS COMMITTEE ON PAPERWORK REDUCTION; ACCOMPANIED BY JOHN M. CROSS, EXECUTIVE VICE PRESIDENT**

Mr. ALEXANDER. Thank you, Mr. Chairman.

With me is John Cross, the executive vice president of the Citizens Committee on Paperwork Reduction, which is a nonprofit group dedicated to the reduction of all Government paperwork.

It helps implement the recommendations of the Commission on Federal Paperwork, on which I was privileged to serve under the chairmanship of Congressman Horton, who did an exemplary job for the people of the United States in trying to control the burden of paperwork.

I have been involved, of course, in creating much paperwork as well as trying to control it. I served as Commissioner of Internal Revenue for almost 4 years, and perhaps inflicted more of the burden on the American public than any of the witnesses that you mentioned before who would be testifying before you.

I come here, Mr. Chairman, to testify strongly in favor of rapid passage of H.R. 6410, the 1980 Paperwork Reduction Act.

I want to compliment you and Congressman Horton and all those who have worked on this bill. It is an important piece of legislation. The sooner you get it passed, the better.

The people of the United States are angry about paperwork. They are sick and tired of filling out forms and anyone who is unaware of this should have been at the White House Conference on Small Business recently when the anger was made painfully clear to all of us who were acting as the official and semiofficial representatives on that program.

The chairman of our committee, Ed Richard, a Cleveland businessman, who was unable to be here today, believes he spends more on paperwork than he does on research and development.

One of the members of our citizens committee runs a million dollar furniture company with only 11 employees. He found that he spent about \$3,800 annually on unnecessary and irrelevant paperwork.

What do we do about this situation? Your bill is a strong beginning in updating the outdated 1942 Federal Reports Act in giving the Office of Management and Budget some management teeth in coping with the paperwork burden.

We hope, when you consider this bill further, and I trust obtain its passage, that you will not impose a burden on an agency that I had a little connection with, that is, that the agency cannot bear, unless there is a power to delegate, as found on page 19 of H.R. 6410.

Then, some impossible problems would be created for the Internal Revenue Service and the American taxpayer. If a taxpayer pays late in the year, and if you change the rules, particularly on the even years, then there is no way that the IRS can get its form to the printer and out to the public in time for the public to meet their responsibilities, if OMB is not permitted to delegate its responsibilities, assuming that OMB will not abdicate its responsibilities.

Abdication, as a practical matter, in order to meet the emergencies that so frequently arise in even years in our tax system, should be avoided by giving permission and the authority to delegate and to delegate in a sensible way to someone capable of exercising authority

soundly and to delegate in a way that permits OMB to review that IRS has not gone too far.

Originally I was hoping—and speaking personally and not for the citizens committee—that IRS could be exempted from this bill.

I have changed my mind. One of the reasons is that which dealt with the 1973 forms where the IRS was acting on behalf of another agency in collecting a lot of revenue-sharing information for the American taxpayers, including some information that taxpayers could not supply because they did not know what township they lived in.

We managed to get that off a later form, but it was a real struggle.

Mr. BROOKS. That is a sensitive subject for me.

Mr. ALEXANDER. Yes, I heard you had an interest in revenue sharing.

I shared that interest to the extent of the paperwork burden.

Mr. HORTON. Excuse me, Mr. Alexander.

I recall that in this very room that we had a whole day's hearing on this subject of the forms of the IRS. I thought it was very helpful so far as the work of the Paperwork Commission was concerned.

Mr. Chairman, the witness was very cooperative as the Commissioner of the IRS. The IRS cooperated in connection with that hearing. It made possible IRS getting out an important report with regard to the problems of paperwork in the IRS. The witness made a tremendous contribution, not only as the Commissioner of IRS, but more importantly, as a member of the Federal Paperwork Commission itself.

I was reminded of that when you were testifying. At the Paperwork Commission hearing, the forms were shown to us, and we were told about the difficulties you incurred when you tried to add new information to the forms and what amount of paperwork that generated. It was a tremendous amount.

Mr. ALEXANDER. Yes, we had that big wall pretty well covered with paper, as I remember. It is almost impossible, but not with the paper generated by the IRS. When you get above 20 feet, it might have been difficult on that way.

That is why IRS needs to stay under the overall supervision of paperwork management assigned properly so in this bill to the Office of Management and Budget. That is the place to put it.

I am talking about having that with the right in OMB to delegate when the delegation is necessary, given the need to put out tax forms promptly that fairly reflect the law and the fact that we find that to be a very difficult undertaking when year-end tax laws are passed.

We have a few suggestions, Mr. Chairman, with respect to the bill. We believe that it might be improved by having a specific definition of information. We find such a definition in the new OMB regulations implementing the President's Executive Order 12174.

We think there may be a problem with the rule of 10, which is on page 4 of the bill. We find major difficulties with the rule. Some agencies may be engaged in a little games playing, which is not unknown in the executive branch. There are nine requests for information. You avoid the rule of 10 that way.

Therefore, you might consider broadening the definition of collection of information in order to eliminate the chances of this happening.

Finally, you might consider adding the mention of training programs

and education for clearance offices. In addition, the delegation provision on page 19 of the bill might be modified, to some extent, both to maintain the limits that should properly be placed on it, but to make it workable in an agency like IRS.

We will be glad to work with staff, Mr. Chairman, in connection with the small matters. We urge speedy passage of this fine piece of legislation.

I would like to insert in the record at this point a listing of our board of trustees and associate trustees.

Mr. BROOKS. Without objection, so ordered.

[The material follows:]

BOARD OF TRUSTEES & ASSOCIATE TRUSTEES

Edward H. Richard  
Chairman  
President, Magnetics  
International

Donald C. Alexander, Esq.  
Vice Chairman,  
Former IRS Commissioner  
Morgan, Lewis & Bockius

Governor Victor L. Atiyeh,  
Oregon  
Ray T. Bailey, National Small  
Business Association  
Mary Keith Ballantine  
State Representative, Michigan  
Derek Bok, President, Harvard  
University  
Bernard S. Browning, President  
General Business Services  
Manuel Caldera, President, Amex  
Systems, Inc.  
Chairman, Latin American  
Manufacturers Assn.  
Fred M. Crosby, President  
Crosby Furniture; Chairman  
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Development Corporation  
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Cornell C. Maier, Chairman &  
CEO, Kaiser Aluminum &  
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Richard McCoy, Partner  
Colley-McCoy Co.  
Thomas J. McIntyre, Esq.,  
Former Senator &  
Co-Chairman, Paperwork  
Commission;  
Sullivan & Worcester  
Governor William G. Milliken,  
Michigan  
Robert M. Pippitt  
Senior Vice President  
Xerox Corporation  
Derald H. Rutenberg, CEO  
Studebaker-Worthington, Inc.  
Daniel F. Slade, Smaller  
Business Association of  
New England  
Governor Joseph P. Teasdale,  
Missouri  
R. David Thomas, Chairman  
Wendy's International  
Mayor George V. Voinovich,  
Cleveland, Ohio  
Carolyn Warner, Superintendent  
Arizona Public Schools

Melvin Arnold, Exec. Vice  
President, Eaton Corp.  
Harry Austin, President  
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Flint Industrial Supply  
Richard L. Conover, President  
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Theodore M. Fainstat, M.D.  
Jacob J. Graham, M.D.  
James Guest  
Sec. of State, Vermont  
Carolyn Hatfield  
Union of Utah Nurses  
Allen C. Homes, Esq.  
William M. Jones, President  
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Phoebe Putney Memorial  
Hospital  
Jack Steele, Dean, Business  
School, University of Southern  
California  
Dean Treptow, President  
Brown Deer Bank

Mr. BROOKS. I want to thank you very much.  
Let me ask a couple of questions.

You testified in favor of strong oversight of all agencies, including the IRS. Does the management responsibility assigned to the central office of OMB under the bill, in your judgment, provide sufficient authority over the agency information activities?

Mr. ALEXANDER. Yes.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

I want to take this occasion to welcome Mr. Alexander to the hearing. I want to thank you for your testimony, and also I want to thank you for serving as vice chairman of the Citizens Committee on Paperwork Reduction.

The Citizens Committee was formed after the Paperwork Commission completed its work in October 1977. Incidentally, that was on time. We were scheduled to start, and we did start, in October 1975. Then we concluded our work right on schedule, which was 2 years later, October 1977.

Let me say this so that we have it in the record. The Paperwork Commission did, in its work, cover a great part of the country in order to get information. It made a number of recommendations, some 770, of which about 60 percent, as I recall, have been acted upon favorably. This has resulted in millions of dollars of savings per year.

More importantly, the Commission finished its work on time and then turned back over \$1 million, which was unheard of in the history of commissions. Usually commissions want to extend their time. They end up with a budgetary deficit and have to come back to the Congress to get more money.

I want to commend you, Mr. Alexander, for the work you did there. I also want to commend you for the work you are doing with the Citizens Committee, which was formed to follow up the work of the Paperwork Commission to make certain that its recommendations were carried out.

Subsequent to October 1977 there has been much attention placed on the subject of paperwork reduction by the administration. I want to give them very high marks for what they are attempting to do to reduce paperwork. But as you know, the paperwork burden continues even though a lot has been done. There remains a lot to be done.

This bill is an important step in that direction. It carries out the recommendations in the legislative field that the Commission made. It seems to me that it is very important that we enact this bill in this Congress and do it as quickly as we can. I think it will save literally hundreds of millions of dollars if we can get this bill through and get it into operation.

I appreciate your testimony and what you have had to say. It has been helpful. The most important thing I would like to underscore is this: As a former Commissioner of the IRS, you have indicated that you feel there ought to be some sort of a check, or rein, if you will, on the IRS. This bill imposes that check in a modest way.

If you would like to say anything further, you may.

Mr. ALEXANDER. You have expressed my views very well, Mr. Horton. I think the Paperwork Commission, under your leadership, did a splendid job. It is a job that is incomplete, and it will never be complete. This is a never-ending problem.

There are new demands on information. Agencies must meet those demands. Agencies try to meet those demands sensibly and reasonably, but they view them from the standpoint of the mission as they understand it of their agency.

There needs to be overall direction and overall responsibility. It should be placed in OMB.

The IRS needs to have a limited authority to act when prompt action overrides the need for careful review by an outside agency, but IRS needs to have that outside agency having the authority to review and the authority to revoke and reconsider its delegation.

Otherwise, IRS may well become confused about what it perceives to be its need for particular information and the cost of obtaining that information, which is imposed upon the American public.

It may view one rather heavily and ignore the other, irrespective of the desire of the present Commissioner, who is a fine person, and the desires of his staff, to take the paperwork burden imposed by IRS into account.

So, I believe there should be no exception. But there should be, and must be, a right to delegate.

Mr. HORTON. Thank you.

Mr. Chairman, I would also like to acknowledge the presence of John Cross. During the course of the time that the Commission was working, he was assistant to Senator Thomas McIntyre of New Hampshire. Senator McIntyre was a member of the Commission and made a valuable contribution to it. Mr. Cross was his special assistant and worked with the Commission. He has a great bit of knowledge about this because he had a lot of input. I am especially appreciative of his work as executive director of the Citizens Committee. I am glad that we have him here with us today.

Thank you, Mr. Chairman.

Mr. BROOKS. Gentlemen, we want to thank you.

[Mr. Alexander's prepared statement follows:]

PREPARED STATEMENT OF DONALD C. ALEXANDER, VICE CHAIRMAN, CITIZENS COMMITTEE ON PAPERWORK REDUCTION

My name is Donald Alexander and I am vice chairman of the Citizens Committee on Paperwork Reduction, a non-profit group dedicated to the reduction of all government paperwork. We have membership from most sectors of the American public and business. I have appended a list of our board of trustees and associates to this statement.

I have had long involvement with the paperwork reduction programs of the Federal Government. I served as the Commissioner of the Internal Revenue Service for almost four years and was a member of the Commission on Federal Paperwork.

I have come here today to testify in favor of rapid passage of H.R. 6410, your bill, the 1980 Paperwork Reduction Act. I want to compliment you, Congressman Horton, who served as chairman of the Paperwork Commission, and all others who have worked on this bill. It is an important piece of legislation and from the standpoint of the private, non-Federal sector, a long overdue reform.

The people of the United States are angry about paperwork. They are sick and tired of filling out forms. This was made emphatically clear to all of us who were at the recent White House Conference on Small Business.

The Chairman of the Citizens Committee, Ed Richard, a Cleveland, Ohio, businessman, estimates that he spends more on government paperwork, than he does on research and development.

You and I know that the Commission on Federal Paperwork estimated the cost of government paperwork at \$100-billion per year. That estimate was probably high then, though it may not be now. More recently, the U.S. Small Business Administration estimated that the costs of government paperwork on a small

business is \$1,270. That, you know, is way low. A quick check with one of our members, who runs a \$1-million furniture company, with 11 employees, shows that he spends about \$3,800 doing just government paperwork which relates not at all to his business.

So, given that we are in a mess, what do we do about it? Your bill is a beginning—a strong first legislative step. It updates the 1942 Federal Reports Act, which was admittedly out of date when it passed, according to the reports I read of it. It puts some management teeth into the Office of Management and Budget. It makes Congress responsible for much of the paperwork burden it creates.

We strongly support this bill. We hope that you will move forward with it quickly. We also hope, though, that you will not bog down the agencies which have a successful control mechanism (such as my own favorite, the IRS) in the OMB's existing 60 day clearance process. IRS people who design the forms have enough problems already every two years when Congress changes the laws, usually late in the year, and makes their forms obsolete. These problems would be exacerbated if the forms were stuck in OMB at the end of November with a print date of October 1.

On the other hand, we do need to have strong oversight of all agencies, including the IRS, to make sure that projects to reduce paperwork continue. Clearly, there is a need for change. This bill will do it. Former Senator McIntyre said when he testified on the Senate side on similar legislation, "We have to have somebody who can say, 'No Mr. Secretary, you can't have that information.'"

There are just a few points that I would like to stress for the record.

First, we find no definition of information in the bill. We recommend that such a definition be included. It exists in the new OMB regulations implementing the existing Federal Reports Act, and the President's new Executive Order 12174.

Second, there is no mention of the Rule of 10. We would urge that that rule either be mentioned in the definition or be mentioned in the report to accompany the bill that the rule has been abolished. We have heard, by the way, of major problems with the rule—agencies submitting nine requests for information which are copious, thereby avoiding the Rule of 10 and the paperwork clearance process.

Third, there is not mention of training programs and education for clearance offices in this version of the bill. Such mention occurred in previous versions and you may wish to reconsider reinserting them. Professionalization of the clearance process would encourage more interest and develop expertise over the long run.

The Citizens Committee stands ready to help with whatever further work is necessary on this bill. As a former member of the Commission on Federal Paperwork, let me stress that it is worth all your efforts to cut down the paperwork burden.

Mr. Brooks. Our next witness is Wayne Granquist, Associate Director for Management and Regulatory Policy, Office of Management and Budget.

He has been with the OMB since 1977 and is responsible for their oversight of Federal management and regulatory practices. He managed the President's cash management improvement project, which resulted in annual savings of \$400 million in interest on the Federal debt. That is pretty significant.

He now chairs the White House Legislative Task Force on Regulatory Reform. We are delighted to have you here. You are accompanied by Jim Tozzi, Assistant Director for Regulatory and Information Policy, OMB.

You may proceed.

**STATEMENT OF WAYNE G. GRANQUIST, ASSOCIATE DIRECTOR FOR MANAGEMENT AND REGULATORY POLICY, OFFICE OF MANAGEMENT AND BUDGET; ACCOMPANIED BY JIM J. TOZZI, ASSISTANT DIRECTOR FOR REGULATORY AND INFORMATION POLICY**

Mr. GRANQUIST. Thank you, Mr. Chairman.

I am accompanied by Jim Tozzi, who is Assistant Director for Regulatory and Information Policy at the OMB.



We appreciate this opportunity to testify on H.R. 6410, the Paperwork Reduction Act of 1980. This important piece of legislation addresses two significant problems: The burden imposed on the public by the Federal reporting and recordkeeping requirements; and the effective management of information by Federal departments and agencies.

For too long the Federal Government has imposed reporting and paperwork requirements on the public without considering the costs associated with those requirements.

Similarly, for over 100 years the Government has collected and managed information as though it were a free good. The time has come when we must recognize that there are costs associated with information—both to the provider and the user—and the impact of those costs on our economy is just as real and significant as the expenditures reported in the budget of the U.S. Government.

Reducing the paperwork burden imposed on the public by Federal agencies and improving the management of Federal information are two important goals of this administration. As President Carter said in his state of the Union message on January 24, 1980: "We will continue our successful efforts to cut paperwork and dismantle unnecessary Government regulations."

I believe the record clearly shows that we have made substantial progress toward achieving those goals. However, further progress will be difficult unless there are significant changes in the laws and authorities governing Federal information activities.

First, we must close the existing statutory loopholes which diminish our authority to review Federal paperwork activities. Currently almost 81 percent of the Federal paperwork burden is exempt from OMB review. Without the authority to review the reports and forms required by the independent regulatory commissions and associated with tax, education, and health manpower programs, there is little we can do to reduce the public burden imposed by these requirements.

Second, we must strengthen the Federal Reports Act by centralizing the oversight of Federal reporting requirements in a single organization. In addition, members of the public should not have to fill out reports and forms which have not been properly reviewed and cleared.

Finally, there should be a clearly identified focal point for overseeing Federal information activities and assuring the development of necessary Government-wide policies and procedures. Without the consolidation of Federal information policy responsibilities in a single organization, we will continue the disjointed and fragmented approach of the past.

The Paperwork Reduction Act of 1980 is important because it will accomplish these three objectives. I would like to briefly describe our accomplishments to date and how we will use H.R. 6410 to expand upon those efforts.

During the first 2 years of the Carter administration, we have reduced by almost 15 percent the reporting burden levied by Federal agencies subject to the President's paperwork reduction program.

We have implemented more than half of the 520 recommendations directed to the executive branch by the Commission on Federal Paperwork.

The most important accomplishment to date, however, is the issuance of Executive Order 12174 last November. For the first time,

agencies are required to prepare and submit a paperwork budget to the Office of Management and Budget. OMB will review these budgets and establish a paperwork allowance for each agency.

In addition, this order endorsed the concept of a Federal information locator system as a tool for eliminating unnecessary duplication in Federal information collection requests and directed OMB to initiate developments of such a system. We have now completed our tests of such a system and are preparing to move forward.

We have also taken steps to improve the management of Federal information. We have attacked this problem on two fronts.

First, we have worked to improve the management of the technology by which we process and maintain information. For example, early in this administration, the President consolidated Federal computer and telecommunications policy in OMB to provide the necessary organizational framework to develop effective and coherent policies for managing these converging technologies.

We have also significantly improved the processes by which we budget and plan for information technology. An important product of this initiative has been the publication of agency 5-year plans for major information technology acquisitions to provide the Congress, private industry, and other agencies better and earlier visibility of these plans.

We have developed and issued a Federal policy to insure that agencies adequately design and appropriately protect their automated information systems.

I am pleased to note that private industry and some State and foreign governments have requested copies of this policy for possible implementation in their own organizations. We have sponsored a number of conferences for senior managers to discuss the management of information technology and identify new opportunities for using technology effectively. We have revitalized and substantially increased funding for the Federal computer standards program.

Finally, we recently identified and publicized over 80 examples of how Federal agencies are using information technology to improve the delivery of public services and the management of Federal programs. These examples provide documented evidence of how technology is being used to save millions of dollars annually and recognizes those agencies who are using technology effectively.

There is a second important dimension to information management that we are also addressing: the management of information itself.

We have initiated action to improve access to information about ongoing Federal research by directing the Department of Commerce to develop and maintain a data base of such information.

As a result of the President's domestic policy review on industrial innovation, we have initiated action to improve U.S. access to foreign technical data and research.

Finally, we are now working to implement the recommendations of the President's privacy initiative. These efforts will strengthen Federal agency administration of the Privacy Act of 1974, and, with Congress concurrence, extend the principles of privacy protection to certain elements of the private sector.

The record clearly demonstrates this administration's continuing commitment to addressing these two important problems: The paperwork burden on the public and the management of Federal information.

At the same time, as we strive to reduce the reporting burden and improve the management of Federal information, we must recognize that the majority of information held by the Government has been collected or created for legitimate purposes consistent with the role of the Government in our society.

There is much we can and are doing to improve the processes by which we collect and manage information. However, in attempting to manage those processes, we must guard against going so far that we impede the accomplishment of governmental functions and missions.

Decisions about information must be made in the context of programmatic need. To be effective, Federal information policies should not—and cannot—be developed and implemented in isolation from the agency programs which require information.

Our greatest safeguard against this danger is to assure that competing interests and concerns are appropriately integrated and balanced. This is a difficult, but not an impossible, task.

Over the past 3 years we have made significant progress in improving the collection and management of information by the Federal Government. We have also learned two important lessons.

The first lesson we have learned is that further significant progress in improving Federal information activities will result only from joint executive and legislative action. We have used all the tools at our disposal to reduce the Federal reporting burden and improve the management of Federal information.

It is now up to the Congress to replenish our arsenal and provide us with additional tools for tackling these important problems.

We believe that legislation such as H.R. 6410 will accomplish that objective.

Second, we have become much more cognizant of the relationship between Federal regulations and the reporting burden imposed on the public. We estimate that over one-half of total Federal nontax reporting is based on the need to insure compliance with laws or regulations.

If we are to reduce that burden, we must establish a mechanism for managing the regulatory process. Executive Order 12044, which was signed by the President in March 1978, provides such a mechanism by establishing a framework for regulatory management which, with OMB oversight, has generated significant improvements in the processes by which we develop and implement regulations. [See app. F.]

In developing a unified approach to managing the burden imposed by Federal paperwork and regulations, we recognized that a realignment of existing policy oversight responsibilities was desirable.

As I mentioned a moment ago, the Government collects information to carry out its various missions and programs.

It became clear that improved management of the information already held by the Government is an integral part of our efforts to reduce the burden imposed on the public by Federal information requirements. To the extent we collect better information, and use it more efficiently, we can reduce the amount of information the public must provide.

To accomplish this goal requires an organization which has a Government-wide perspective and can objectively balance competing, and sometimes conflicting, interests—such as program and societal needs, burden on the public, privacy, and budget impact. We believe that the Office of Management and Budget is the one organization that can accomplish this task.

An additional advantage is that improving the management of Federal information is not a controversial issue. As career staff to the President, OMB can provide the objective analysis and policy oversight needed to improve the processes by which we collect and manage information.

Accordingly, we have established the position of Assistant Director for Regulatory and Information Policy, occupied by Mr. Tozzi. Mr. Tozzi, who will be assisted by a staff of approximately 45 people, is responsible for overseeing the regulatory, reports and information activities of the executive branch to assure that agencies collect only that information necessary for mission accomplishment and that we use and manage that information efficiently and effectively.

Each staff member has been assigned responsibility for a particular Federal agency and will work with that agency to improve their information management activities.

In addition, each staff member will share in the Assistant Director's responsibilities to develop Government-wide policies affecting regulatory, reports and information activities. This realignment of responsibilities will permit us to develop effective Government-wide policies and to assure appropriate implementation of those policies within each Federal agency.

A second benefit is that each Federal agency will now have a single point of contact within OMB for these closely related issues; no longer will agencies have to contact a number of different individuals for guidance.

While this new organization will assist in carrying out our current responsibilities, it will also permit us to effectively implement the objectives of legislation such as H.R. 6410.

Specifically, it is our intention to concentrate on the development of Government-wide policies and on the evaluation of agency performance in implementing those policies. This is the approach we have taken in implementing Executive Order 12044 and we have found it very effective.

Our paperwork budget is also based on the principle of delegation—we will establish a paperwork allowance within which agencies may determine their specific requirements. It is our intention to avoid processing the day-to-day transactions, such as report clearances, technology procurement requests, and individual regulations.

A transaction-oriented workload would require a substantial increase in workload and diminish our ability to focus on the development and implementation of Government-wide policies.

For this reason, we intend to delegate the responsibility for such transactions to the agencies themselves with our oversight and evaluation. Our efforts to date indicate that this approach can be successful.

Although we intend to delegate operating responsibility, we will not delegate our oversight responsibility. We will establish guidelines to assist agencies in carrying out their responsibilities and selectively monitor agency performance to assure that they are adequately implementing the policies and procedures we have established.

We believe this is the optimum approach for implementing all the provisions of H.R. 6410.

Earlier I mentioned three things that are necessary if we are going to further reduce the Federal paperwork burden on the public and improve the management of Federal information. We must close the

loopholes in our authority to oversee Federal paperwork activities; we must strengthen the Federal Reports Act; and, finally, we must clearly establish a single organization, OMB, to provide overall coordination and direction in the development of Federal information policies and procedures.

We must also have congressional endorsement of the Federal information locator system to assure the success of that effort.

We support those provisions of H.R. 6410 that will accomplish these objectives. We do, however, have some reservations.

First, we believe that those provisions of the bill which assign statistical policy and oversight functions to OMB should be deleted. We believe that the uniqueness of statistical activities, which are highly developed, disciplined, and technical, requires a special expertise with independent policy oversight and coordination responsibilities.

While OMB must and does work closely with those responsible for statistical policy, they should have sufficient independence to address the unique needs of the statistical community.

Second, we believe that those provisions of H.R. 6410 which task OMB to audit or inspect agency information management activities should be substantially modified. Under the Budget and Accounting Procedures Act of 1921, and other existing statutes, we already have sufficient authority to review agency activities. We believe that OMB's role should be to establish policy, oversee its implementation and evaluate its effectiveness.

While we intend to conduct management evaluations and monitor program performance, we do not believe that OMB should be an audit agency. Such a mission would require a significant increase in resources and would divert critical attention from our oversight and policy development responsibilities.

Most important, we believe that an audit or inspection responsibility would place us in an undesirable, adversarial relationship with the executive departments and agencies.

If we are to develop and implement successful information policies, we must have a trustworthy working relationship with the agencies. We believe that audits and inspections should be performed by other organizations, such as GAO, audit agencies, or inspectors general.

Third, we believe it is unnecessary and inappropriate to legislatively mandate an Office of Federal Information Policy within OMB headed by an administrator. It is unnecessary because, as I have mentioned, we have recently realigned our policy oversight responsibilities in a fashion which will permit us to accomplish all the objectives of H.R. 6410.

However, to establish an independent office headed by an administrator would isolate these functions from other OMB responsibilities, prevent the balancing of competing interests, and result in information policies which inhibit, rather than support, the accomplishment of Government missions.

The development of Federal information policies should be an integral part of the OMB mission. Assigning this responsibility to an independent entity which is legislatively mandated would preclude this integration.

We also believe it is inappropriate for legislation to dictate how and where the President and Director must delegate certain responsibilities.

While we agree with the need for these functions, we must have the flexibility and authority to organize these functions in the manner we believe will best permit us to carry out our responsibilities.

Another concern is that H.R. 6410 does not clearly describe the relationship between OMB, as the central authority for Federal information policies, and other executive branch agencies with related responsibilities.

A number of agencies who reviewed the legislation commented that H.R. 6410 appears to establish that OMB will have oversight and policy responsibility over all other agencies, such as Commerce—computer standards and telecommunications policy; GSA—information technology acquisitions and records management; DOD—national security information and telecommunications standards, which have information policy responsibilities.

We recommend that this relationship be clarified.

Finally, a number of agencies indicated that it was unclear as to what responsibilities are intended to be assigned to the information manager in each agency. For example, within the large agencies such as DOD, it would be extremely difficult, if not impossible, to assign responsibility for all information management activities to one individual or organization.

The intent of the drafters of H.R. 6410 should be clarified on this issue.

Those are our major comments on H.R. 6410. We are preparing a letter with additional comments and requested changes which we would like to submit for the record in a few days.

Mr. BROOKS. Without objection, so ordered.

[See app. B-3.]

Mr. GRANQUIST. In closing, I would like to say that we believe that H.R. 6410 is a significant and far-reaching piece of legislation which will provide us with some badly needed tools to improve the management of Federal information. While there are some parts of H.R. 6410 we would like to see changed, we are pleased with the overall direction. For that reason we strongly support the bill.

That concludes my opening statement. We would be pleased to answer questions.

Thank you.

Mr. BROOKS. Thank you very much for an affirmative statement and a strong statement.

The Comptroller General, Mr. Staats, clearly favored transferring statistical policy functions from the Department of Commerce to OMB as provided by the bill. He sees a particular close relationship between statistical policy and the Federal Reports Act objectives for controlling paperwork burdens.

Is there not a direct relationship between statistical policy and the information management functions which would suggest that they all be placed in one organization?

Mr. GRANQUIST. There is a close relationship between the objectives of the Federal Reports Act, paperwork reduction, and statistical policy. We do not believe, however, that this close relationship suggests the need to locate all these elements within OMB.

We are working on, and we have already in place, a set of procedures to allow review of statistical forms by the statistical office now in Commerce, pursuant to guidelines issued by OMB.

Mr. BROOKS. You objected to the provisions in H.R. 6410 which requires OMB to insure that audits of agency information management activities are conducted. Your primary reason for objection apparently is that you do not believe OMB should be in an adversary relationship with the executive agencies.

Is it possible to exercise the central management responsibilities provided for in H.R. 6410 without creating some adversary relationships with the agencies?

Mr. GRANQUIST. Mr. Chairman, having gone through several budget cycles, I am aware that there is always some adversarial relationship between OMB and the agencies. The point I would like to make is how serious the adversarial relationship has to be.

I want to focus the attention of the committee on the particular portion of the bill I referred to in my testimony. We are most concerned with the provisions that require OMB, with GSA's assistance, to inspect agencies and to report thereon to congressional committees.

That is a role we believe is best played by the inspectors general, by audit agencies, or by the GAO. For OMB, even with GSA's assistance, to conduct hands-on kinds of inspections, and then report thereon to the Congress and others would, in our view, put the Director in an unnecessarily adversarial position with the agency heads and place us in the relatively untenable position of serving two masters, the President and the congressional committee.

That is the reason for our concern with that particular provision of the bill.

Mr. BROOKS. The only delegation of authority by OMB to the agencies provided by H.R. 6410 is for reports clearance. What steps will the OMB take to insure that these delegations are effectively carried out by the agencies?

Mr. GRANQUIST. It is our intention to establish Government-wide guidelines that describe those actions that an agency has to take, and to make sure they have the personnel and expertise to carry out these responsibilities.

The guidelines would also identify the procedures, like review and certification, that the agency must implement as part of the reports clearance process.

The easiest way for me to describe what we intend to do is to use the words "earned autonomy." This is a term used and developed by the President's ADP reorganization project. The concept was endorsed in the testimony of the Comptroller General before this subcommittee on February 7. The agency has to earn its autonomy. It can be taken away if it does not carry through on its obligations.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

First of all, let me congratulate the President for taking a personal interest in paperwork reduction and for issuing Executive Order 12174 last November in an effort to cut down paperwork imposed on the public by Federal agencies.

Also, I want to congratulate OMB for the January 11 proposed regulation designed to control Federal paperwork and its burden. I am glad to see that on this important issue the President, OMB, and this committee are all working in the same direction.

I would also add, following the delivery of the final report of the Commission of Federal Paperwork in October 1977, to President Carter, I talked first to Bert Lance, who was then the OMB Director.



He was strongly in favor of carrying out the recommendation of the Paperwork Commission and for cutting down on paperwork. The President personally indicated his support for that objective. Subsequent to that date, with the appointment of Jim McIntyre, who succeeded Bert Lance as the OMB Director, has indicated his strong commitment. As a matter of fact, just this week I was at a dinner at the White House. I saw Mr. McIntyre. Again, he emphasized his strong commitment to the reduction of the paperwork burden.

I want to give this administration very high marks in trying to do something about this paperwork burden.

I know that we are all concerned about it. I know that everytime I go back to my district, I get besieged by people talking about "strangulation by regulation."

Most of that strangulation is manifested in the paperwork burden. I have had people tell me in my district that they have to go out of business because they cannot comply with all the Federal paperwork requirements. I have had some tell me that to try to answer questions that are sent to them from the U.S. Department of Commerce, it would cost them \$10,000 just to hire the staff necessary to get the information. They have said that they would rather go to jail than answer the questions. Answering the questions would force them out of business.

It is important, therefore, that we look at this paperwork burden. It is a kind of quiet activity; we see just the tip of the iceberg. Underneath there exists what we in 1977 called the \$100 billion burden that is imposed on small business and the Government with regard to the paperwork.

I understand that in discussing this bill with our committee staff over the last several months, OMB has resisted the idea of setting information policy for the entire Government.

Have you changed your mind on that? Or, do you feel that performing this function is inappropriate so far as OMB is concerned?

Mr. GRANQUIST. Mr. Horton, first of all let me thank you for your opening remarks. We appreciate those compliments very much.

Second, with respect to your question, let me say this. I would not characterize our position as resisting the setting of information policy. The bill, as we have discussed it with committee staff over the last several months, has changed from time to time and has been substantially improved.

Our concern has not been with setting policy. We have been concerned that we do not take on operational responsibilities at the same time that we are taking on policy responsibilities.

Mr. HORTON. I do not think the bill should be construed as directing you to take on operational responsibilities. At least, I do not feel that the bill is designed to require you to carry out the policies or assume the burden of oversight.

Mr. GRANQUIST. If the record clarifies that point, then that would be very helpful to us in understanding what our responsibilities are when the legislation becomes law.

Mr. HORTON. In answer to the question Mr. Brooks asked earlier, you did make some comment with regard to this area.

Mr. GRANQUIST. Yes.

Mr. HORTON. I just wanted to make certain that you understand how I personally feel about it. Even though the operational aspects are delegated to agencies, I think OMB has a responsibility to make certain that those operational aspects are being carried out.



That is the oversight responsibility, as I see it. Maybe there is some confusion. Maybe we are a little bit ambiguous in the language of the bill. Maybe we can work something out. Maybe your staff can work with our staff to clarify that, or maybe we can put something in report language so we are clear on that.

However, I think we ought to make certain that OMB has that responsibility of oversight. That is an active responsibility. It is not a passive one.

I am not talking about this administration. I do not know what the next administration will be like, or how it will react to this problem. Maybe they will feel that once a few things have been accomplished, then we do not have to worry about it.

What I think what we have to do here is to design a system that will make certain that OMB not have the operational burden, but that OMB will have some responsibility in making certain that the agencies are doing what they are supposed to do in attempting to reduce paperwork.

Mr. GRANQUIST. Your comments have been very helpful in clarifying the intent of the committee.

We would be pleased to work with the staff and work this out.

Mr. HORTON. Thank you.

Another point is this. A key part of H.R. 6410, insofar as reducing the paperwork burden on the public is concerned, is the revision of the Federal Reports Act of 1942, which deals with the clearance of information collection requests proposed by Federal agencies.

Do you have any problems with this part of the bill?

Mr. GRANQUIST. No.

Mr. HORTON. I think this is a very important part. If we do not have something like it, I think we are going to continue to have this problem of paperwork.

Let me turn to another area. I understand OMB has had an opportunity to see a copy of the draft of the proposed report from the General Accounting Office.

I have not had a chance to read the report. I certainly will do that. I do not think we ought to go into any detail at this particular point.

However, the thing that bothers me is this. The title is, "The Followup Program for Federal Paperwork Commission Recommendations Is In Trouble." I hope that is not right, but the GAO is usually pretty accurate. The Comptroller General was a member of the Commission. He indicated that GAO was going to direct some of its effort to making sure that the recommendations were followed up.

The Commission, when it made its recommendations, expected, based on the legislation which was enacted, that OMB would carry out its responsibility in following up on them.

I do not know whether you want to make any comment about this or not at this time, but I do think it is important to have your comments, or OMB's comments, with regard to what is being claimed in this GAO report. I do not want to go in detail, because frankly I have not had an opportunity to read the report. We just got it yesterday afternoon.

Mr. GRANQUIST. I have not read the report. I would be pleased to submit some information for the record responding to the concerns that the report raises.

I would suggest one additional point.

The legislation, H.R. 6410, extends by 2 years the time for implementing and overseeing the implementation of the CFP recommendations. That is language we suggested and proposed. We support it. We believe those are important recommendations. Sixty percent have been implemented thus far, and 67 percent have been acted on. That is good; but it is not good enough.

We have 2 more years in the legislation to follow through on that goal. We want to do the best job we possibly can.

Mr. HORTON. That is helpful.

Mr. BROOKS. Very well.

Without objection, so ordered. .

[The material follows:]

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D. C. 20503

Honorable Elmer B. Staats  
Comptroller General of  
the United States  
General Accounting Office  
Washington, D. C. 20548

MAR 3 1980

Dear Elmer:

I am sending you my comments on the draft GAO report on OMB follow-up of the recommendations of the Commission on Federal Paperwork (Code 009900) because of your sustained, personal interest in the goals and objectives of the Commission.

The Commission on Federal Paperwork was established in recognition of broad complaints about the excessive burden of paperwork imposed on the public by the Federal Government. Excessive paperwork burden may be seen as a consequence of many specific problems and shortcomings in agency programs, but fundamentally the cause is the attitude and approach throughout government to the management of public reporting requirements and other information resources.

In its wide ranging work, the Commission identified many specific, worthwhile corrective actions. We applaud the contribution that the Commission made and we recognize that there is much to be done to complete the work begun by the Commission.

But a consistent theme in all the work of the Commission is a concern that once these specific problems are corrected, they stay corrected. The only way to make sure that the same problems do not spring up again like weeds mown down is to put in place a sound management process. We have taken as a high priority the long term management process implied in all the Commission's work. The draft report should emphasize the need to establish a long term management process that can prevent the return of the problems and abuses identified by the Commission. I believe that the report could be improved greatly if it were modified to include recognition of this need and our substantial efforts to deal with it.

In accord with the high priority we have given to the long term management process, there have been fundamental modifications in the Federal Government's approach to the management of information as a resource:

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-Executive Order 12044, Improving Government Regulations, is changing the rulemaking process in ways that the Commission recommended to lessen paperwork burden. These changes include greater involvement of interested parties, longer comment periods, sunset review of existing regulations, and more consistent use of plain, easy to understand language.

-The President's Reorganization Project has resulted in significant realignments of functions that have reduced fragmentation and simplified relationships in ways that have helped to reduce paperwork burdens. For example, consolidation of various energy data systems in the new Department of Energy was an important factor in reducing the existing reporting burden by 5,000,000 hours.

-We have reorganized relevant functions at OMB, combining responsibility for paperwork reduction with that for regulatory policy and information policy.

-Based on study of the Commission's reports and our experience in the first two years of the President's paperwork reduction program, we have developed a comprehensive, new system that we regard as the real beginning of managing information as a resource. This system is expressed in the President's November 1979 Executive Order 12174, Paperwork, and regulations we proposed in January 1980 to implement the Executive Order. These regulations would replace existing OMB guidance on the Federal Reports Act. This system will initiate planning and budgeting of information collection from a resource allocation viewpoint, require examination of how information is used once collected, establish a Federal Information Locator System, strengthen the reports clearance process by placing more responsibility on agencies and putting control points earlier in the clearance process, and require that agency responsibility for paperwork control be at a high level, independent of program operating responsibility, and able to approve, deny, or modify proposed forms.

-We have also supported legislation to unify responsibility for paperwork control in OMB, eliminate exemptions to that control, and further strengthen the power of that control.

The intention of this new system is to develop and institutionalize consistent policy level involvement in agency reports management. The draft GAO report cites lack

of involvement by top agency managers as a problem in implementing Commission recommendations. In fact, that is just one specific aspect of the fundamental problem of ineffective agency management of paperwork and information.

Although we have made fundamental system changes our first priority, we have moved ahead on individual Commission recommendations. There has been significant progress, although the draft report does not recognize this. We are not by any means finished, however, and we are not ourselves satisfied with the pace or resourcefulness of agency efforts. We originally expected to complete follow-up by the end of our two-year statutory reporting obligation. As you noted when testifying before Congressman Brooks on February 7, additional time is necessary to complete the job. This is a consequence both of the extent of the Commission's recommendations and inadequate existing processes for managing information resources. We recognized this and expressed our continuing commitment to effective follow-up in our proposed paperwork control regulations (1370.7(f)). We have also endorsed legislation to extend this responsibility.

The draft report includes many assertions and conclusions about individual CFP recommendations. We believe this is premature. We have not rendered final decisions on any recommendations. To dispute the status of particular recommendations in advance of such an assessment would distract from the main task of reforming Federal paperwork management and reducing burdens. We will, however, use specific information in the draft report as a constructive contribution to our task. We will take remedial action where we find this information to be accurate.

We do have comments on the specific recommendations for the OMB Director in the conclusion of the draft report.

1. We have taken steps to augment resources and increase the level of effort devoted to CFP recommendations. We intend this oversight and follow-up to continue to be integrated with other paperwork control, regulatory policy, and information management responsibilities by our desk officers. In our view, a separate staff with exclusive responsibility for CFP recommendations would accomplish less in the long run.

2. Securing effective participation of agency top management has been our objective for some time. It is the reason for our giving top priority to overall management system reforms. We concur with the principle of assigning lead responsibility for multi-agency recommendations. Our plans, discussed with GAO staff, have always provided for disclosure of implementing actions in the wrap-up at the end of the statutory reporting period. These actions will be specified in subsequent status reports.
3. We will continue our practice of obtaining new or revised agency responses to recommendations whenever our review (including consideration of the draft GAO report) indicates insufficient development or inadequate response.
4. The exclusion from our follow-up process of recommendations directed to the Congress was done with the knowledge of GAO staff. It was based on the concept of separation of powers. We are willing to reevaluate our approach and consider development of specific, appropriate executive branch actions.
5. Our plans for follow-up, developed with knowledge and consultation of GAO staff, called for descriptive assessment of the disposition of each recommendation (specific actions taken, reasons for rejection, alternatives considered, etc.) in the report at the end of the statutory reporting period. We have not intended that the summary status listings we have published on an interim basis be a complete accounting of actions taken. Such a disclosure is called for, and will be the basis of status reports during the period of our extended oversight responsibility.

With regard to the recommendations for the Congress in the conclusion of the draft report, we have endorsed, in our testimony, on H.R. 6410, an extension of OMB's two-year statutory responsibility for follow-up of the Commission's recommendations. Also, as noted in 4. above, we will reevaluate our approach to Commission recommendations directed to the Congress.

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Our position is precisely that of the Paperwork Commission. You will recall how Frank Horton summed it up in his letter to President Carter delivering the Final Summary Report:

"In essence, we seek three things:

1. A substantial reorganization of Government administrative and management machinery which affects the Federal paperwork process;
2. A new philosophy of Service Management so that laws, rules and regulations are made in a context of true consultation and participation with the people; and
3. A continuation and expansion of effort to cut paperwork which has already been mounted by the Administration."

Thank you for the opportunity to comment on the draft report. I want to assure you that Jim Tozzi and I have a strong personal commitment to sustained, effective follow-up of the Commission recommendations as an essential and integral component of our overall effort to cut Federal paperwork.

Sincerely,



Wayne G. Granquist  
Associate Director for  
Management and Regulatory Policy

CC:  
Allen R. Voss

Mr. HORTON. This draft report is probably a red flag which we probably all ought to take a look at and make certain that we are following up. Perhaps if our staffs can work together to work out what is involved with regard to this report, then it can be very helpful.

Mr. GRANQUIST. We will do it.

Mr. HORTON. Mr. Chairman, that is all I have at this time.

Mr. BROOKS. Thank you very much.

I recognize the gentleman from Georgia, Mr. Levitas.

Mr. LEVITAS. Thank you, Mr. Chairman.

First of all, let me join Mr. Horton in congratulating the administration and OMB for what I believe to be a sincere commitment to reduce the paperwork burdens and eliminate duplicative reporting and generally to reduce the regulatory burdens and to rationalize them.

I think it is a very sincere commitment on the part of this administration. I think there have been steps taken already. Others will be taken to carry out this policy. I think that should not go unnoticed.

I have a few questions that I would like to ask you. What has actually been accomplished in quantifiable terms to date by the administration in reducing paperwork?

Let me ask a more fundamental question. What do you mean by reducing the paperwork burden?

Mr. GRANQUIST. We define the burden imposed by Federal paperwork as the number of hours, or the number of person hours, that it takes to collect, put down on paper, and fill out Federal Government forms.

When we took office that burden was something in the neighborhood of 900 million hours a year. We have reduced it by 130 million hours during this administration.

One way to look at it is to say that it is equal to all the people in a town with a population of 70,000, working 40 hours a week, and 52 weeks a year, filling out Federal paperwork forms.

What is left is equivalent to the city of Pittsburgh, working 40 hours a week, 52 weeks a year, with every man, woman, and child filling out paperwork forms.

So, there is a lot left. We knocked out an amount equal to Dubuque, but we still have Pittsburgh left.

Mr. LEVITAS. Let us break that down a bit. You eliminate paperwork, or reduce the burden in using the statistics that you have referred to in what ways? By eliminating forms? By reducing the amount of information on a particular form? How do you do it? Do we have more forms today than we did?

Mr. GRANQUIST. We have fewer forms. However, counting the number of forms is not the most useful way to analyze the burden. Any one form can be tremendously burdensome on the American people.

You can reduce the burden by reducing the frequency with which information is sent to the Government. You can reduce the size of the sample. If it is a statistical form, it can be reduced from 1 in 4 to 1 in 10. You can also reduce the amount of information on an individual form, or you could eliminate the form. We have used all four of these methods to reduce the burdens.

One good example of reducing the size of the sample, or eliminating the form, is OSHA. It knocked out completely its reporting requirements for all employers with 10 employees or less. That eliminated



40,000 American businesses from OSHA forms. It reduced the burden substantially.

Mr. Tozzi. Another area that you were interested in is the regulatory reform area. Another way of reducing the burden is to look at the scope of the regulation that generates the burden.

We commend this committee for putting, as an integral part of this bill, the requirement to look at the paperwork burden imposed by the regulations themselves. Many times you can take the regulations and then determine the least cost burden. Many times, however, it is the regulation itself that generates the information burden. The committee print, as it appears now, directs OMB to look at the scope of regulations in terms of the reporting burden.

That is an integral part of the regulation. We have tied that review into both this Executive order and the Executive order on regulatory reform.

Mr. LEVITAS. You anticipated another question I was going to ask later on. Inasmuch as you have raised it, let me get into that now.

As you point out in your prepared statement, most of the paperwork, if not all, is a response to statutory or regulatory requirements for information to determine compliance.

In another room in this building, at this moment, the Judiciary Committee is marking up the regulatory reform proposal of the administration.

It seems to me that these two subject matters cannot be separated.

Do you not believe that in order for a reduction in paperwork in the form of reporting to be generated by regulations with OMB having a hands-on responsibility in this area, do you not think there needs to be a hands-on responsibility, let us say by OMB, in the regulatory reform area?

Mr. GRANQUIST. The answer is yes. We have combined those two responsibilities in the same office of OMB headed by Mr. Tozzi, under my direction.

The administration's position on the other legislation, undergoing markup in the Judiciary Committee, is that there should be oversight responsibilities in OMB, within the executive branch, in the regulatory policy area.

Mr. LEVITAS. I think it should be, but in regulatory reform I am getting confusing messages. I may be reading something into it, but I get the feeling that there is some split within the administration about having OMB as the hands-on manager of regulatory reform.

Mr. GRANQUIST. I can assure you there is no split in the administration on that point.

Mr. LEVITAS. Thank you.

I would like to address one of the concerns I have about this legislation in a different direction.

How do you see H.R. 6410 improving the governmental efforts to reduce paperwork, or is this nothing more than a reshuffling of the cards in the deck?

Mr. GRANQUIST. There are a couple of things which it does that are very important.

First of all, it closes up loopholes, some of which have existed from the beginning of the Federal Reports Act of 1942.

It reverses the direction given to the review of independent commissions by the Alaska Pipeline Act of 1973, by partaking that

authority from GAO and bringing it back to OMB. This review would be subject to an override by the majority of the full commissioners, which would permit a second look and preserve the independence of the regulatory commissions; but, nevertheless, it would bring reports review under one roof.

Most importantly, it puts real teeth in the Federal Reports Act. The bill, as it is written now, would allow any citizen or company or interest or organization that received a form from the Federal Government to ignore that form if it did not have an OMB clearance number on it. That is explicitly permitted and it is a substantial change in the Federal Reports Act.

Mr. LEVITAS. With regard to the paperwork budget that you have established under the Executive order, I assume that the quantity of that budget is worked out in some form of negotiation between the agency and the OMB; is that right?

Mr. GRANQUIST. Yes, the requests are submitted by the agency and then negotiated.

Mr. LEVITAS. Is the quantity of allowable paperwork budgeted and based on the same type of statistical groundwork as those statistics you gave me earlier in dealing with the overall burden of paperwork?

Mr. GRANQUIST. The estimates will be based upon existing requirements, plus anticipated statutory requirements for information that may be coming down the pike from the Congress.

Mr. LEVITAS. What I am saying, more simply, is this.

What is the budget? You say you have a paperwork budget. What is it? What do you tell EPA?

Mr. GRANQUIST. Let us say EPA comes in and says they want to occupy 40 million hours of the public's time next year in filling out forms. We look at those requirements and we look at the forms. We can say that we disagree. We can make suggestions about doing it another way. It is the same as a budget process in general.

We will negotiate those totals. Once the total is established the Administrator of EPA would be required to stay within that total. We are trying to force trade-offs down the line and require that information no longer be looked at as a free resource. We want to require an agency head who wants to collect the information about situation *x*, to analyze the trade-offs and realize he cannot get as much information about something else that he might be interested in. He has to make priority decisions.

Mr. LEVITAS. Is IRS covered?

Mr. GRANQUIST. Yes, IRS would be covered by H.R. 6410.

Mr. LEVITAS. How do you deal with the problem of duplicative reporting?

Mr. GRANQUIST. We have the authority in the Federal Reports Act, which would be even more strengthened under this bill, to direct one agency to collect information and share it with other agencies within the bounds of confidentiality and privacy protections. That is how we would deal with the duplication.

Mr. TOZZI. The paperwork budget would probably force the agencies to look at this duplication more than they have in the past because once they are constrained by that total, they will have even more incentive to look to see if somebody else is collecting the data.

Mr. LEVITAS. I think you are absolutely correct in that regard.

I notice you have 45 people on your staff, with one person assigned to each agency. I assume some people have more than one agency they deal with.

Getting back to the question of duplicative reporting, is there any place where, let us say, a person who is working with the Department of Labor, and who is looking at a form being required of nursing homes, would talk with a person who is working with the Department of Health and Human Services about this?

Let us say he is also getting certain information from nursing homes. There is also someone who is working with IRS in getting certain information from nursing homes. Maybe they are all collecting the same information.

In other words, do these things ever come together?

Mr. TOZZI. Yes, sir. Let me give you two organizational aspects that force them to come together.

First: The committee has taken the leadership, with our help, in developing a Federal locator system which is under development at OMB. Now, we have our hands on real-time data to task our EDP system to help us do that.

Second: The examiners in this area work within their own area, but before a form is cleared, my division chiefs and I meet and go over the forms together. It feeds up to that process. All forms go through that executive committee before they are acted on.

Therefore, there is a series of balances in there that we look for in terms of duplication.

Mr. LEVITAS. Thank you.

I am encouraged by what you have testified to here today. I am also encouraged by the fact that you think this legislation might accomplish something. I had some doubts about that. It is encouraging to know you feel it will bring about some improvement in this problem that we all talk about, but do not ever seem to really do much about except talk about it.

I think the real paperwork burden, although we frequently try to lay the blame on the bureaucracy, originated in the Congress with the statutes that Congress has passed within the last few years.

I think we have to take the lead in reducing the paperwork burden on the American public.

From what you tell me, your testimony is very encouraging, both as to the efforts to this administration, and your belief that this legislation may help in that fight.

Thank you, Mr. Chairman.

Mr. BROOKS. Gentlemen, we want to thank you for your testimony.

Our next witness is Mr. Fred Wacker. He is the Assistant Secretary of Defense. He serves as Comptroller of the Department of Defense.

He has been with the Department since 1951 and has been Assistant Secretary since September 1976. He has a B.A., magna cum laude from American University, and a master's degree in financial management from George Washington University.

It is my understanding that with 29 years of service, and almost 30 years in the Department, he is going to retire. You will be amazed, surprised, and delighted to know that he is not going to work as the vice president of the widget manufacturers that sells to the Defense Department. [Laughter.]

It really is kind of refreshing. He will not sell computers to the Government. He will not sell generators or exotic consultant services to the Defense Department or to one branch of it, or to one of their subsidiaries. He is not going to work for one of those companies that the Defense Department loves and nurtures, like E-Systems. [Laughter.]

He is going to work for Public Broadcasting. They use a little Federal money, though. [Laughter.]

I want to congratulate Mr. Wacker. It is understandable that he has worked long and faithfully for the Federal Government and the Defense Department honestly and objectively. It is not easy.

He will certainly make a splendid contribution. You have been here before and we have always enjoyed having you. We are glad to welcome you back.

You may proceed.

**STATEMENT OF FRED P. WACKER, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER), DEPARTMENT OF DEFENSE; ACCOMPANIED BY WINFIELD S. SCOTT, DIRECTOR, MANAGEMENT INFORMATION CONTROL AND ANALYSIS; AND ROBERT L. COOPER, OFFICE OF THE DIRECTOR FOR DATA AUTOMATION**

Mr. WACKER. Thank you, Mr. Chairman.

I appreciate that. It is, in fact, 31 years. There are times when I feel every one of those years.

Mr. BROOKS. Where was that?

Mr. WACKER. With the Department of Commerce and the General Accounting Office in the early days. It has been a long time. I leave with a great deal of regret. I have enjoyed working with the Department, and I have enjoyed working with this committee. I have enjoyed serving the Federal Government.

It is an unexpected pleasure and bonus in my final 7 days to have an opportunity to appear once more before this committee and to speak in support of your very important proposed legislation on the Paperwork Reduction Act.

We are pleased to appear before your subcommittee today to discuss H.R. 6410, the Paperwork Reduction Act of 1980.

As you know, we worked actively with the Paperwork Commission throughout its existence and have been actively supporting the follow-on efforts of the Office of Management and Budget. We are particularly supportive of the strong central management focus of the bill and believe that such focus can only serve to enhance and fortify our own ongoing efforts in information management.

From our perspective, the bill has two major objectives:

One: To implement the concept of information resources management by incorporating and integrating the many separate, but related, information activities. These include the review and approval of information requirements, the public-use reports program, Federal statistical and records management activities, the privacy program, the sharing of interagency information, and the acquisition and use of information technology.

This concept of information resources management will focus efforts to manage and control information through its entire life cycle from the time the requirement for the information is first expressed through its ultimate disposition.

We are firmly convinced that the management and control emphasis must be applied at the requirement or front-end of the cycle, because it is the requirement that drives all the other phases, such as ADP hardware/software needs, records creation, micrographic and word processing considerations, and so forth, right on through the cycle of records storage or disposal.

Two: The clear articulation of an objective to acquire and use automatic data processing and telecommunications technology in a manner which improves service delivery and program management, increases productivity, reduces waste and fraud, and reduces the information processing burden on the public and private sectors.

The Department of Defense recognizes the need to strengthen and improve information management and control processes. In recent years, we have attempted to develop departmentwide policies and procedures to achieve these improvements, and I am pleased that some of our procedures have been adopted by several other Government agencies.

I would like to outline briefly for the committee some of the more significant actions we have taken. I will also summarize some of our continuing work with OMB.

First: The Commission on Federal Paperwork made 49 recommendations to the Department of Defense to eliminate existing paperwork problems.

Of this number, the Department of Defense is in the process of implementing or planning to implement 42; seven recommendations were determined to be not applicable or accommodated by actions which had already been taken.

Second: As a result of the Department's initial effort, as well as the President's burden reduction program, we have eliminated 52 public-use reports from our inventory, a 20-percent reduction.

Third: The need for an information locator system was recognized within the Department of Defense several years ago. The Department already had developed improved information management policies, but it was apparent that to effectively do the job, we had to manage information at the data element level. We had to get down to the grassroots, or the basic building block.

Therefore, in late 1976 we began development of the DOD Information Requirements Control Automated System, IRCAS, which became operational in early 1977.

IRCAS software is Government owned, and is available to any Federal agency. In fact, nine agencies are using the IRCAS software.

Some time ago, we had the opportunity to brief and demonstrate this system to Congressman Horton, senior members of the Commission on Federal Paperwork, and OMB.

In November 1978, Mr. McIntyre requested that we work with OMB to use the system as a possible prototype for the Federal information locator system. We have worked closely with OMB as an active participant on the FILS task force.

Fourth: Through the combination of our information management and control policies and the IRCAS, we have already reduced or eliminated a substantial number of our information requirements and have made a concentrated effort to standardize, simplify, and reduce the forms used within the Department of Defense.

We are also pleased to see several significant additions, in H.R. 6410, not present in earlier versions, which deal with:

One: Specific incorporation of a responsibility for automatic data processing and telecommunications technology in the charter of the Office of Federal Information Policy. We think this makes a good deal of sense. We welcome that central management in the information policy oversight.

Two: Establishment of a planning process consisting of audits of major information systems, identification of specific initiatives to improve the productivity and performance of Federal operations through the use of information processing technology, and development of a 5-year plan.

Three: An annual report to the Congress which would include our status in accomplishing these activities. You are going to have to continue to follow up on this. It is going to be a collective and concerted effort that is required.

Aside from strengthening the management of information as a resource, a parallel theme of the bill is the improved use of information technology throughout the Federal Government. We wholeheartedly endorse this second and equally important theme.

From our perspective, there is a clear need to strengthen the relationship between information requirements and the application of technology to satisfy those requirements.

We have seen that failure to deal effectively with both subjects can only result in systems which are too costly or which do not supply managers with timely and accurate decision support.

In the Department of Defense, we are attacking the problem of defining information requirements and building systems to satisfy these requirements through the life cycle management process.

Since I have described this process in previous hearings, I will not take the committee's time to recount this process in detail today. In sum, however, it:

One: Focuses on early identification of the mission element need for automated information systems.

Two: Emphasizes continual involvement of functional managers in decisionmaking.

Three: Requires evaluation of alternative design and development approaches and acquisition strategies.

Consistent with your recommendations, we are moving forward to fully implement the life cycle process throughout DOD. As you are aware, this is not an easy job.

Accordingly, we believe that one of the strongest points of the proposed legislation is the reenforcement which it gives to the concept that a close marriage of requirements and technology is essential for the achievement of cost-effective systems.

I associate myself with some of the concerns that Congressman Levitas expressed to some of the previous witnesses.

I, too, sat back and looked at this legislation. I studied it over the weekend. I wondered whether it was required. I am entitled to ask

that question and to tell you I asked myself that question: Is it required or is it just spinning windmills and putting out a piece of paper for the cosmetic effect?

I really feel from the Department of Defense's point of view that it is an important piece of legislation because I believe it is important to centralize within the executive department the focus for the policy oversight and monitoring of Federal paperwork programs.

We are excited within the Department at some of the progress we have made as a result of our own IRCAS control system.

We have eliminated a number of reports and a number of forms. We think that really is just scratching the surface. We want to share it with the rest of the Government. Sharing is a voluntary type operation at the moment.

I think the establishment of a centralized office, such as you are proposing, Mr. Chairman, will put some teeth in the whole process.

Let me close by introducing the gentlemen on my left and right whom I have asked to be with me this morning, Mr. Winfield Scott, and Mr. Cooper. They both work for me.

I think I indicate to you, and underscore by having these two gentlemen sit with me this morning, the importance we attach to information management and to the acquisition and use of information technology, which is an associated, but a follow-on step, once you have gotten at the basic requirement and need.

With that, Mr. Chairman, I will attempt to answer any questions you may have.

It has been a pleasure to work with this committee over the years.

Mr. BROOKS. Thank you very much for a fine statement. You usually do that.

I have a couple of questions.

H.R. 6410 provides for the appointment by each agency head of a senior official to carry out the agency's responsibilities under the bill.

Do you agree with the need to establish this office as a central focal point to oversee the agencies' information management activities?

Mr. WACKER. I believe that in general that is important. Within the Department I have the responsibility for developing and implementing DOD policies and principles, standards, guidelines, and so forth. I have responsibility for the paperwork burden placed on the Government and the statistical activities. I have records management and data processing resource policy responsibility.

I believe it is important, but I think there are other opinions that the committee will have to consider, after having heard testimony, as to whether some adjustments to the bill are in order or whether the complete consolidation of all these functions are appropriate at the OMB level within the executive department.

I have to defer on some of those from a global standpoint, but within the Department of Defense, as I now read the bill, I have responsibility for virtually everything you are covering, except some aspects of the Freedom of Information Act. I think we would need to look at that within the Department and see whether the interface that exists is appropriate or whether some organizational realignment is necessary.

I would like to fill this in as part of our follow-on technical submission to the staff, but in general that long-winded answer, I believe, means, yes.

Mr. BROOKS. What changes will be necessary in DOD's newly established life cycle management process should the bill be enacted?

Mr. WACKER. As you know, your committee has given us strong support although I think the word "support" may be a euphemism as I look back on some of the systems that we have discussed with you recently—but, you have given strong support in the life cycle management policy. What we have concentrated on up to this point is getting an involvement of the functional manager who is responsible for the requirement with the technical manager who provides the automatic data processing and the like.

I believe the thing that has sunk in on me as a result of studying the legislation and its objectives, is that I need to involve much more strongly, an additional part of the organization and that is the information manager. I need the functional manager and the ADP expert, but I need to involve more than we have before the information manager within DOD.

I think I see that sort of adjustment to our life cycle policy coming from the emphasis and direction in your legislation.

Mr. BROOKS. Mr. Kiviat inferred in his testimony 2 weeks ago before this committee two recommendations of the President's ADP reorganization project, which need to be addressed by individual agencies.

What actions has the DOD taken to implement these recommendations?

Mr. WACKER. Two of the more significant ones that we have discussed on a number of occasions are the ones I just addressed, that is, the need for a life cycle management policy. I think we are well on the road with that.

Another principal recommendation in our case is the general strengthening of career management for ADP professionals. We have taken a number of initiatives there.

You may be interested, Mr. Chairman, that we have provided to the OMB recently a complete compilation of the national security task force recommendations as part of the ADP study.

I would like to make that available to the committee, if I may. It will cover the complete recommendations and our responses thereto.

Mr. BROOKS. We would appreciate that.

[The material follows:]



Enclosure 1

DoD Responses to Recommendations made by  
The Federal Data Processing Reorganization  
Projects National Security Team Report

I. Office of the Secretary of Defense

A. Improve the effectiveness of the Department by  
elevating overall information technology staff management  
within the OSD organization.

o Top management involvement at OSD level has been increased. DoD recently established a new policy on life cycle management of automated information systems. It brings together as a group the senior functional, ADP and telecommunications executives in the OSD for the purpose of reviewing and approving major information system projects at key decision points. This group has come to be known as the Major Automated Information Systems Review Council and functions very much like the DSARC which has proved effective in the weapons system area. In this way we expect to achieve the objective of the National Security Team Report recommendation without major organizational disruption.

B. Increase effectiveness by extending management  
responsibility for automation to encompass both general  
purpose (administrative) and operational computer and  
telecommunications resources.

o We still have this matter under review but, in general, believe that the current separate bases of responsibility are a workable structure with little, if any, duplication or overlapping. Efforts are underway, however, to develop common policies, to share in common research and development, to work toward a standard set of definitions, and to achieve a cross exchange of techniques and management dicta.

C. Improve the Secretary's control over the computing  
resource, by establishing an informal mechanism which will  
provide continuing private sector expertise to DoD on key  
computer/telecommunications issues.

o We have begun action to invite private industry assistance and advice on major system developments. This type of participation was used very effectively in our recent assessment and redirection of the Tri-Service Medical Information System (TRIMIS). Additionally, in our project to develop a long range planning and technology forecasting mechanism, we have obtained private sector participation in the various topical areas being explored in that project.

D. Strengthen the capability and role of the Defense Audit Service in reviewing information technology projects and requests.

o We have recently sent a memorandum to the Defense Audit Service which requests their review of general ADP matters during regular audits and specifically enlist their aid in conduct of AIS management assessments referred to in Recommendation G. below.

E. Place the operational control of DoD Computer Institute (DODCI) within the OSD organization.

o As a result of a formal study of this matter by the DoD ADP Policy Committee, it was recommended that (a) a fundamental overhaul of the DODCI program be undertaken to focus on improving the skills of DoD senior and intermediate executives to effectively deal with the ADP management requirements; (b) the DODCI Charter be revised to clearly reflect OSD responsibility for policy guidance and program changes; and (c) Navy remain the Executive Agent on a two year interim basis. Prior to the end of this two year period DODCI will be reevaluated to determine, among other things, the optimum placement of the Institute within DoD.

F. Major automated information systems should be included as separate line items in the program budget, and in POM and budget cycles.

o Necessary revisions have been incorporated in the Defense Budget Guidance Manual to highlight and show on separate exhibits, the cost factors applicable to each major AIS. Moreover, DoD Instruction 7920.2, establishing the approval process for major system requires treatment of major AISs in the POM cycle and, if possible, in the SecDef Consolidated Guidance.

G. Adopt and enforce the life cycle management policies now being issued.

o DoD Directive 7920.1 and DoD Instruction 7920.2 were issued in October 1978 to establish life cycle management policies for all automated information systems. DoD Components are currently revising internal policy documents to conform to the new DoD policies and are implementing them. Major AISs were identified in September 1979 and announced to DoD Components. Major systems were classified into 3 groups: those which require milestone approval at the OSD level; those which were delegated to the head of the DoD Component for milestone approval; and those on which periodic OSD management assessments will be conducted.

H. Ensure that each Assistant Secretary of Defense has one senior staff member to oversee automation issue within functions in which he uses automation.

o Each principal SecDef assistant who has a significant interest in automated systems has named a staff office or official to oversee automation in a particular functional area.

I. Monitor the progress of the various DoD agencies in their efforts to upgrade the computing career field.

o DoD Manual 1430.10-M-7 has been developed in coordination with the DoD Components to establish policies inherent to effective and progressive development of the careers of ADP personnel. The manual has been approved by the Assistant SecDefs (Comptroller) and (Manpower, Reserve Affairs and Logistics) and is now in the implementation process.

II. Department of the Army (DA)

A. The Directorate of Army Automation should be expanded to include the telecommunications function and consideration given to elevating it to the full status of a Deputy Chief of Staff (DCS).

o On 1 Oct 78 the Army Automation Directorate and DCSOPS Telecommunications were merged to form the Office of the Assistant Chief of Staff for Automation and Communications (OACSAC). HQDA is monitoring this new organization to assure its effectiveness.

B. The DAA (or the DCS) should immediately undertake a program to identify critical mission functions where the absence of redundant, or backup, computer equipment could impact on units' readiness.

o HQDA (ACSAC) had taken actions in 1978-79 to study the critical mission functions that are dependent on computer equipment, the impact on mission performance in the absence of computer equipment support, and the possible avenue for providing a back-up computer equipment capability to enhance unit readiness. The mission areas most sensitive and dependent on computer support are in the tactical arenas located at overseas sites, e.g., Europe, Korea. Studies are to provide back-up computer support where necessary to enhance unit readiness. Such studies will be continued until acceptable solutions are identified and installed.

C. The Army must strive to quickly set up a career field that will permit an officer to start in the automation career field at the entry level.

o The Army recently approved changes to the Automatic Data Processing (ADP) and Communications Electronics (CE) specialties under the Officer Personnel Management System (OPMS). The ADP specialty was restructured and personnel management actions were introduced to improve the utilization of newly commissioned officers with computer science/ADP-related educational backgrounds. The basic CE was restructured and new "Teleprocessing Operations" functions were added to this specialty to specifically accommodate battlefield automation requirements.

D. The Army should review its current computer systems acquisition procedures with the aim of reducing the time and effort involved. The role of the Computer Systems Selection and Acquisition Agency and its contribution to the process should be particularly reviewed.

- o These recommendations were addressed in the Study of Management of Automation and Communications (SOMAC) and are being incorporated in the new AR 18-1 and the Technical Bulletin 18-100 series.

E. The Director of Automation (or the new ACS) should establish a policy requiring that automation (data processing) costs, wherever possible, be charged back to the requesting agencies.

- o OMB has prepared a draft circular "Cost Accounting, Cost Recovery and Inter-Agency Sharing of Multi-user Data Processing Facilities" which COA commented on to OSD with OACSAC's input.

- o OSD replied to OMB and OSD agrees with the basic objectives and provisions.

- o OMB expected to publish the circular in Jan 80.

- o Army (COA) is planning a Cost Accounting Module in the re-design of STAN FINS. COA (current) plans for implementing the OMB circular hinges on the re-design of STAN FINS. However, re-do of STAN FINS projected to take 3 years.

- o Also work is being done on the Utility Reporting System to accommodate the new requirements.

- o Official statement of Army plans will await the publishing of the OMB circular.

F. Automation costs, including tactical, MIS, intelligence, etc., should be fully highlighted within the Army budget.

- o OACSAC has developed the Army Automation Planning Programing Evaluation System (AAPPEs) which functionally portrays the Army's Automation environment by use of a zero based automation program and budget. AAPPEs is integrated into the Army's Planning, Programing and Budgeting System (PPBS), is used by both the Army Staff and all Major Commands and Operating Agencies for programing and budgeting of automation resources. The AAPPEs process is presently described in Draft TB 18-101 and will be published in July 1980. Automation costs, including tactical, MIS, intelligence, etc., should be fully highlighted within the Army Budget. Automation System, item and project cost data is collected through the AAPPEs process, made available to the Army's functional manager for decisionmaking purposes and displayed in the Army Automation Memorandum Budget submission to OSD.

G. The Army should expedite implementation of its plan to provide Automation Management Offices (AMO) at the Corps level.

o The Combined Arms Center at Ft Leavenworth has completed a study which examined the establishment of a Corps Automation Management Office (AMO) and its associated missions and functions. The study has been staffed with all interested parties in the Army. Final recommendations were forwarded to CDR TRADOC in December. Recommendations will include the recommendation of designating the Signal Brigade Commander as the Assistant Chief of Staff for Automation and Communication (ACSAC) with dual responsibility for all automation-communications at Corps level. The ACSAC office will include a 7-man Corps Automation Management Office. Although the Army fully supports the immediate forming of an AMO there is concern as to where the manpower will come from to man the new office. Given current manning ceilings, the additional manpower will have to come from other programs.

H. The Army must train and assign engineers with an automation background (or training) to system program offices (SPOs) developing systems containing computer sub-systems.

o This recommendation is under study and there is no program to report at this time.

III. Department of the Navy (DON)

A. Assure that the Navy will receive the full potential from its present and future computer resources by assigning responsibility and authority to one individual at the level of a Deputy Chief of Naval Operations, or a head of major staff office, and provide that he devote full time to management of the Navy computing and telecommunications resource.

o This individual must have authority for the overall management of the Navy automation and telecommunications program; and for functional management of all Navy computing resources, both general purpose and tactical. He should also be responsible for coordination of the programs for: standards; resource sharing; assessments of operational management, readiness, vulnerability, security and privacy; and for the Navy long-range computing resources plan. This individual should also have a close working relationship with the Navy Senior ADP Policy Official. The Navy's present organization structure is very close to this recommendation.

Status

As noted, the Navy's present organization is very close to that recommended. Since the Director, Command and Control has responsibility for telecommunications and for both embedded and commercially available computers, no organizational change is considered necessary.

B. Assure maximum innovation, with needed coordination and effective control, of ADP resources by prescribing standard organization structures (including authorities, responsibilities, staffing criteria, etc.) for use in managing computing resources in each command.

o The director of the organization in each command must be at a level high enough to be involved and to influence decisions that affect computing within his command. He must also be fully aware of the command's computer related costs, benefits, plans, and the degree of the Navy's dependence on computer resources for accomplishment of the command's missions and goals. This recommendation will assure that policy and guidance is reflected into each command, and that Navy policies are carried out as intended.

Status

A standard organizational structure has been established at each of the Navy Regional Data Automation Centers (NARDACs). This organizational structure is forming the basis for the Navy's current effort of developing staffing standards for all Navy automatic data processing (ADP) activities. These standards, in turn, provide the means for achieving consistent ADP organizations within each Navy command. As a further effort to effectively manage the Navy's ADP resources, Functional Sponsors, at the Chief of Naval Operations level, have been designated for the wide variety of functions which are supported by ADP. These sponsors provide a central point for certification of functional ADP requirements and are essential to the development of mid- and long-range Navy ADP plans which will satisfy requirements which may cross normal command lines.

C. Strengthen the Navy's data processing career field, by completing development of a revised career plan for flag officers, to be fully implemented Navy-wide, that will: (a) provide at least one Rear Admiral and one Vice Admiral for computing specialist officers; and (b) develop a program for the progressive career training for all flag officers in information technology management principles and computer uses. This recommendation applies similarly to the Marine Corps.

o This recommendation is necessary to provide officers with an incentive to develop competence in management of computer-based functions and activities. The second should be implemented by assigning at least 10 percent of the flag officers to attend the executive-level seminar at the DoD Computer Institute each year. Civilian managers should also be encouraged to increase their capabilities in managing information technology projects and programs.

Status

A number of actions have been undertaken in pursuit of the objective of enhancing the ADP career program for officer ADP

subspecialists. These actions include the identification of a viable career pattern for Unrestricted Line Officers, compatible with development in the warfare specialty; a comprehensive review of the ADP Limited Duty Officer and Chief Warrant Officer billet structure and recommended improvements thereto; a review and revalidation of all billets identified as requiring officer ADP subspecialists; a review of the ADP curricula taught at the Naval Postgraduate School; and a series of briefings presented to officer detailers, officer ADP subspecialists, and United States Naval Academy Midshipmen. It is anticipated that these and similar actions will result in a gradual and comprehensive enhancement of the ADP subspecialist career opportunities.

D. Follow through and complete development of a Navy Long Range Computing Resource Plan, to assure that computing resources are managed and coordinated throughout the Navy. Assign responsibility to each command to develop its part of the Navy Long Range computing Resource Plan; compatible with and suitable for incorporation into the Navy-wide Plan. This recommendation applies similarly to the Marine Corps.

o This activity should be undertaken by the individuals described in A. and B. above, under the overall guidance of the senior ADP Policy Official. Assign to the Chief of Naval Material the responsibility for compiling, at headquarters level, the plan for all CNAVMAT commands.

o Lack of such planning in the past has caused difficulties with the Congress, OSD, GSA and OMB, because Navy decisions on acquisitions of general purpose computing equipment have been made on an ad hoc basis, and not for the benefit of the Navy as a whole. The plan should receive concurrence from functional users, who will be served by the data processing resource, to assure that their concern about adequacy of service will be addressed and that the improvements in their mission accomplishment will be realized. It must take into account on-going systems that now interrelate with each other. The plan should be updated annually to assure continued relevance. When new data processing systems are proposed they should be reviewed in the light of the plan.

#### Status

The Department of the Navy guidelines for non-tactical ADP planning were promulgated in July 1979. These guidelines, which will be updated twice annually, provide broad planning goals and direction for Navy ADP over the next 20 years. The Navy Long Range Plan for Automated Information Systems (FY83-FY87) has been prepared in consonance with these guidelines and will be promulgated by January 1980. The emphasis in this effort has been on planning by functional area. This plan was developed with broad participation of the Chief of Naval Operations staff and includes an annex for each of the identified functional areas. This long-range plan forms the basis of a continuing Navy planning effort since it is utilized by the major claimants in the development

of their detailed command (claimant) plans which will be prepared during January to September 1980. In turn, these detailed plans will form the basis for the Navy ADP out-year budget projections as well as input to the follow-on long-range plan for FY84-FY88.

E. Improve Navy management of data processing by extending the practice of charging users of data processing services directly for the costs of the service they receive.

o This recommendation extends the practice now followed in the Navy laboratories, shipyards, and ordnance activities, and embodied in the new Data Processing Service Center (DPSC) project test. It is necessary that Navy managers who control users of data processing have this information in order to manage realistically. To facilitate implementation of this recommendation may require development of Defense Department cost allocation guidelines.

Status

The procedures (Chargeback) for charging of users for data processing services are now operational at NARDAC San Diego for all reimbursable work. In addition, Chargeback is being utilized to obtain statistical information regarding non-reimbursable work. Based upon its current success, Chargeback is being exported to the remaining NARDACs, and it is anticipated that it will be utilized for billing of reimbursable work at all NARDACs in FY81. The Navy's ADP Chargeback Steering Group is monitoring this effort and is investigating the possibility of extending the scope of charging for all types of services provided and for exporting Chargeback to other major Navy ADP sites.

F. Increase effectiveness of data processing management by establishing mechanisms for review of data processing facilities and of new and on-going data processing systems.

o This is needed to assure a more thorough review on a regular basis of operating practices, systems, and performance of computing resources. Hardware and software monitors are required for this effort. It is essential that security, vulnerability, and operability in wartime conditions and under wartime transaction loads be reviewed and corrected where necessary. The major type of review that needs improvement is that given to new systems proposals. These are usually considered only from the point of view of computing equipment, and ignore the overall system. They often receive only cursory review at higher management levels for requirements and feasibility. This is the major weakness in all Government agencies; it is not restricted to the Navy. Finally, effective mechanisms must be developed for creating systems that involve multiple commands, since each command's requirements are different.



Status

Several examples of current Navy efforts provide an indication of the emphasis which is placed on this recommendation:

- A methodology is being developed for analysis and monitoring of ADP activities to be used in improvement of their performance. The prototype is being developed at the NARDACs, for use Navy-wide, and the effort thus far has included a detailed equipment and systems software analysis of two of the larger NARDACs.
- A detailed and comprehensive ADP Security Manual has been developed and has been given wide distribution, for comments, within Navy prior to its formal publication.
- Software and hardware monitors have been acquired and their utilization is presently being prototyped at the NARDACs. These monitors, along with specific procedures for evaluations, will be available for use on ADP equipment Navy-wide commencing in early 1980.
- A study is being conducted with regard to the feasibility of employing "back-end data base management systems," (i.e., equipment units to store data files separated from main processing units). If successful, this approach could improve data base security as well as to ease software conversion efforts associated with hardware replacement and extend the effective life of associated ADP equipment.

A Department of the Navy ADP review and evaluation instruction (SECNAVINST 10462.18) is currently being revised by Naval Data Automation Command staff, with issuance planned within 90 days. This instruction is being expanded to include areas such as risk management, security, and teleprocessing.

G. Implement the Navy's plan for broadening the scope and role of the ADP Management Steering Committee to: (a) expand membership to include members from the research, engineering, and systems community; and (b) shift the committee's emphasis toward the planning structure -- with heavier involvement in development of the Navy Long Range Computing Resource Plan.

o This will assist in broadening understanding of the common areas, and long range plans, of the administrative and tactical data processing worlds -- as well as of the respective commands. It is gratifying to see that the Assistant Secretary of the Navy (Financial Management) is acting to make these changes in the committee charter.

Status

The Navy's ADP Management Steering Committee has continued its active role and has established subcommittees for ADP Planning and User/Requirements/Responsibility to provide an even broader participation in the Navy's ADP planning and policy formulation. The guidelines for non-tactical ADP planning, described previously, were produced directly by this committee. In addition, the ADP Management Steering Committee, with extensive support by its subcommittees, has been instrumental in the development of the Navy Long Range Plan for Automated Information Systems and in the recently issued Secretary of the Navy Instruction (SECNAVINST 5231.1A) entitled "Life Cycle Management of Automated Information Systems within the Department of the Navy."

IV. Department of the Air Force (DAF)

A. Action was taken to improve mission responsiveness of the base level computers during wartime contingency operations. On 17 July 1979, the Directorate of Computer Resources initiated a study of the capability of base-level Data Processing Installations (DPIs) to meet mission requirements during wartime contingency operations. The need for the study is based on our assessment that no measure exists that could be used to determine impacts of the full range of contingency operations on the DPI. Existing efforts have identified requirements for a full-scale war environment, but none have addressed the impact of a prolonged mobilization associated with a specific contingency. The project is to take place in three phases by geographical area (European, Pacific, all others). The end result of this effort will be a "capability" report for each of the geographical areas, fall-back procedures for those automated data systems (ADS), that would not be processed during the contingency, a set of instructions that perpetuate this evaluation process and procedures to ensure that ADS processing requirements are included in Contingency Operations Plans. The assessments of processing requirements will also serve as a basis for evaluating the DPI wartime manning requirements. This study is in harmony with National Security Team recommendation D for the Air Force which deals with improving readiness.

B. The Air Force Computer Security Program Office at Gunter AFS, AL, is developing a set of Risk Analysis/Management Program Guidelines. These guidelines tailor the general guidelines developed by the National Bureau of Standards (NBS), to the Air Force environment. These guidelines will aid Air Force managers in assessing the risk to their ADP facilities, hardware and software and in making cost effective choices of safeguards to reduce the risk to acceptable levels. The risks addressed cover a broad spectrum from weather (e.g., flood) to espionage. Included with such guidelines will be requirements for periodic application of

C. Further Air Force actions that are in harmony with the general concerns expressed in recommendation E include:

- o The issuing (in August 1979) of a revised Air Force Regulation, AFR 300-8, "Automated Data Processing System Security Policy, Procedures and Responsibilities." This regulation includes security test and evaluation guidelines.

- o The development of detailed procedures and responsibilities for field activities in support of ADP contingency planning. These procedures are being included in a revised Air Force Regulation (AFR 300-6) which is currently being staffed.

- o The dissemination of additional GAO Audit Standards "Auditing Computer-Based Systems," which are effective in January 1980, to Air Force ADP Program Single Managers for their information.

D. The Air Force ADP community's ability to attract and retain quality personnel at all levels is an area of active interest. Some of the recent actions include the use of senior enlisted personnel as Data Processing Installation (DPI) Chiefs; the creation of an ADP Career Management Newsletter; and the attendance of senior NCOs at the Air Force ADP staff officer course. We intend to actively pursue this area and in this regard, some of our future activities will include an effort to send a 5LXX officer to each class of the Defense Systems Management College beginning next summer. In addition, the Air Force is considering a proposal for a professional military computer management course. As currently envisioned, this course would be directed at the 0-5/0-6/GS-14/GS-15 level and would address evolving technological developments, the regulatory structure governing the management techniques and hardware/software trends. However, the funding for such a course remains an open issue. These efforts are in harmony with the National Security Team recommendations H and J for the Air Force, which include strengthening the "5LXX" career field and accelerating information technology training.

E. In the general area of improving Data Automation Requirement (DAR) processing, several significant actions have taken place. First, the Secretary of the Air Force issued SAF Order No. 560.1 on 4 December 1978 which significantly raised the thresholds associated with resource approval authority. The raised thresholds were promulgated to Air Force ADP Program Single Managers in a 25 January 1979 letter, thereby delegating more authority to the field. Changes to the appropriate Air Force regulations are currently being developed. This effort is in harmony with National Security Team recommendation I for the Air Force, which addresses improving the DAR processing cycle.

F. The above represent some of the Air Force ADP community activities which harmonize with the National Security Team recommendations. The Air Force will continue to pursue many avenues to improve management of its ADP resources.

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Assessment of Vulnerability Caused by  
Obsolete Computer Equipment and Systems  
and/or Underdeveloped Technical Personnel

A. Department of the Army (DA)

DA has assessed the risk to DoD ability to respond to military emergencies. During 1978-79, a Study of Management of Automation/Communications (SOMAC) was conducted by HQDA. This study pointed out the deficiencies in all resource areas. Actions are being taken to correct the deficiencies. ADPE Obsolescence (TWILITE) Program has been incorporated into the Army Automation Master Plan. Obsolescent and saturated computer equipment has been identified and is being replaced as soon as possible consistent with budget constraints, e.g., Project VIABLE. Shortfalls in the Reserve Components and Mobilization areas are being studied and plans are being made to correct the deficiencies. Actions are being taken to improve the quality and quantity of automation personnel in the Army.

B. Department of the Navy (DON)

The reorganization team, in addition to its specific recommendations, concluded that obsolete computer equipment and systems, as well as underdeveloped technical personnel, have made our military enterprise operationally vulnerable. This is certainly an area of extreme concern, and one which requires constant attention to assure that Navy continues to have the equipment and personnel necessary to meet any emergency. However, the problems cited neglect an important aspect of ADP support, which is that this support is absolutely essential at all times for the successful operation of the Navy. In large measure, the ADP support required in an emergency situation is little different from that provided routinely. Of course certain functional areas such as personnel, administration, and payroll will have an ADP support requirement whose volume will expand rapidly in the event of mobilization; and ADP support for these system types is being planned to include this identified mobilization capacity. In the remaining areas, it is believed that sufficient computing capacity and adequate personnel can be planned and implemented to satisfy current or stressed requirements. However, a problem with ADP support, in an emergency and especially during mobilization, is how to provide support in the event that the primary processing site is unable to provide the support because of equipment failure, weather, power problems, etc. The Naval Data Automation Command's program of providing a standard operating environment at the Navy Regional Data Automation Centers (NARDACs) and the development of a software test and backup site at Newport are positive steps in

providing a solution to this problem. Each of the NARDACs can provide backup support for other NARDACs, and a large portion of the capacity at Newport could be made available quickly to provide support or "surge" capacity for other NARDAC work. In recognition that standardization of hardware and operating environment is a prerequisite for emergency or mobilization back-up support, several Navy efforts are now being coordinated for the replacement or development of major systems with the goal of continuing and modernizing the present compatibility through acquisition of modern and reliable equipment. For instance, the Shipboard Non-tactical ADP Program (SNAP) will place over 400 standard ADP systems in ships and key shore activities, with systems software support coordinated from a central site. In another major effort, the Inventory Control Point (ICP) Resolicitation Project will replace the obsolescent data processing systems, now in use at the ICPs, with more modern and capable standard hardware systems. For the benefit of the Navy stock points, a comprehensive maintenance contract has recently been awarded which will continue necessary support for the currently installed standard ADP systems and maintain their compatibility until their eventual replacement by another set of standard hardware systems. The Navy's mid- and long-range planning process is the major vehicle which is being utilized to identify and develop these and additional areas where such standardization can make a significant contribution to ADP support.

This assessment should not be construed as supporting the status quo with regard to obsolete equipment or poor retention of highly qualified technical personnel. Obviously, more modern equipment has greater relative capacity and reliability and is less costly to operate, and often, because of modularity, the capacity can be expanded rapidly to meet changing requirements. The acquisition of modern ADP equipment also provides impetus for the retention of high calibre personnel. It is presently difficult to interest these personnel in remaining with an organization which is not staying current with the "state-of-the-art." For these reasons, good management practice dictates that strong emphasis continue to be placed on effective and responsive replacement of obsolete ADP equipment.

#### C. Department of the Air Force (DAF)

The Air Force believes that there is some risk associated with the use of computers which are no longer supported by the manufacturer. The lack of manufacturer support of a computer would tend to primarily impact the maintainability of the system (e.g., availability of spare parts, support for correcting errors in system software, etc.) which would tend to have a long term effect rather than an impact on today's ability to respond to emergencies. In addition, it is believed

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that there is some risk posed by the employment of underdeveloped technical personnel. The Air Force has established acquisition programs such as Phase IV to replace aging systems, and continually seeks ways to attract, keep and develop talented people in the Computer Resources field.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

Mr. Wacker, I also want to add my congratulations to you for 31 years of service to our Government. I will personally miss your comments, your succinct way of testifying, and the manner in which you have always been open to us as to what you have said and the way you have testified.

I have found that the information you have given us over the years has been very helpful, lucid, and concise. I think it has been honestly given as well. You have called the shots the way you have seen them. I think that has been very helpful to the committee.

I also like the way you have testified here today about this bill and how you have analyzed it. I think what you have said is very important.

Having served as the Chairman of the Paperwork Commission, and having listened to people talk about what the problems are in the Federal paperwork burden, I am impressed that there are many people in the Federal Government who do want to try to eliminate as much as possible of this burden. I also want to take this opportunity to thank you and the Department of Defense for the cooperation that you gave the Paperwork Commission.

In your testimony, you have talked about the so-called Federal locator concept. That was initiated by the DOD. That idea was presented to the Commission. We picked it up. We ran with that ball.

Subsequent to the final work of the Commission, I met with representatives of the DOD and OMB. I hope I some way brought them together. I thought that what the DOD had already put into operation was good. In the beginning, when we first got into the locator concept, it was just in the developmental stage. But even then it was doing a tremendous job to help find information.

That Federal locator system, I think, is a significant contribution toward helping to reduce the Federal paperwork burden. Of course, that is one of the major parts of this bill, which establishes it statutorily.

I am also interested in information management. I know this bill does cover information management, which includes ADP and telecommunications as well as the paperwork. The question I would like to ask is this: To what extent is DOD activity information related?

Mr. WACKER. I think it is quite clear that that is a very difficult question to quantify. I believe your own Paperwork Commission, at the time it attempted to quantify it, came up with a number like \$50 billion. That staggers most people except those who deal with the Defense budget.

If anything, it may be a conservative number.

Where does information start and where does it stop? Mr. Granquist responded to Mr. Levitas' question by giving one element of quantification.

We have looked at it another way in the Department in connection with the IRCAS activities and the information review.

Over the past several years we have looked at a base that, as best we can collect it, seems to consist of something like 10,000 reports and 350,000 forms. I acknowledge fully that does not give a complete picture of what is involved.



But what is important is this. As a result of our own internal initiatives, we have been able to reduce those 10,000 reports by 2,000, and those 350,000 forms by 60,000. That is roughly a 20-percent reduction in pure paper from the base number.

Our people have tried to put a price tag on that. I have notes that say it is \$44 million. I would not stand up and attempt to swear on a Bible as to its validity, but it is a significant saving.

As I said earlier, I think we are just scratching the surface. This is just one department's experience.

Mr. HORTON. What kind of benefits would be derived by DOD from the implementation of H.R. 6410?

Mr. WACKER. From my point of view, I would say this. I do not intend for my comments in any way to undercut the reservations that Mr. Granquist expressed, or some of the things he felt needed to be looked at so far as the organizational structure is concerned.

But, I think the establishment of an office of central management authority is very important. I regard a lot of these efforts as ad hoc and voluntary at the moment.

While it may result in an adversary relationship, I would rather have a single adversary in this.

Mr. HORTON. In a sense, you are like a little OMB in the Department of Defense because you have different agencies that you deal with.

Mr. WACKER. Yes.

Mr. HORTON. You deal with the Army, Navy, Air Force, the Marine Corps, and so forth. Therefore, in a way, you sit in that same type of capacity. You have been concerned about information resources management. That is a very important part of your job.

Mr. WACKER. That is right.

Mr. HORTON. In a way, you have been in the forefront of this fight in the Department of Defense. It is a fight that has to go on in the whole administration. You are one segment of the administration, but in another sense, you occupy the same role that the OMB occupies with regard to the other Federal agencies. Therefore, you have to manage information resources. If you do not, you are going to find yourself in a pile of paperwork that will overwhelm you. So you have to make some direction out of that chaos or else you are not going to function.

Mr. WACKER. That is right.

Mr. HORTON. I assume that is what you are talking about when you talk about how you have organized the Department of Defense. That is a little prototype of what we can do for the Federal agencies.

Mr. WACKER. Yes. That is an excellent point, Mr. Horton. That is an excellent observation. At times, the same sort of comments on adversarial relationships are made within the Department.

Mr. HORTON. That is no great problem, is it?

Mr. WACKER. No, not really.

Mr. HORTON. You expect that, do you not?

Mr. WACKER. Yes, we expect it.

It is a difference of scale and perception, probably. Within the Department, I do have most of the responsibilities. I think it is working well.

I would recognize and defer to others the aspects of public use reporting when you broaden the scope to the entire Federal Government. We are 5 percent of that. We are a small involvement.

As for the matter of statistical policy at the overall executive level, I defer to you and your discussions with OMB and others for that.

However, our dimensions are a bit more parochial and within the Department I do have most of these responsibilities. I think it is appropriate. I think it is working well.

Mr. HORTON. Thank you.

Thank you, Mr. Chairman.

Mr. BROOKS. Mr. Levitas?

Mr. LEVITAS. Thank you, Mr. Chairman.

Mr. Wacker, I read your prepared testimony with great interest. I think it is clearly and succinctly stated. I commend you on it.

The only question I have is this. This is based on what Mr. Granquist said and also in part on your testimony.

In the implementation of H.R. 6410, would there be any additional manpower requirements which you would have to seek in order to comply with its provisions? Have you made any estimates?

Mr. WACKER. I have thought about that since this past weekend when I read the testimony of the Comptroller General. I think he did attempt to make some sort of estimate at the national level.

As I see it, I cannot identify or state that there are any added or incremental costs in our case. The functions are clearly expressed and defined. We are largely performing them now. If anything, there may be some modest organizational realignments required within the Department of Defense, but I feel on fairly sound ground to say that I see no additional manpower or dollar costs involved in our implementation.

Mr. LEVITAS. I am curious about this. Your testimony refers to the 20-percent reduction in paperwork. You made additional comments about that.

In terms of reduction of the number of forms, I think you said 60,000; is that right?

Mr. WACKER. Yes.

Mr. LEVITAS. I am curious about two things. The first is this. How do you decide and indentify and who decides and identifies what forms to eliminate?

Second, if it could have been eliminated as it was, then why was it not eliminated before somebody said to eliminate it?

Mr. WACKER. That second question, on the one hand, may be more difficult. On the other hand, it may be more simple.

The first part of the question comes to this. We have the overall licensing responsibility within my office. Any proposal for a new form that lays an information gathering requirement on our components has to be reviewed by our office. We attempt to screen it more intelligently now that we have the information locator system in the Department.

No component is authorized to proceed unless we do stamp a seal of approval on it and give it a license number.

Why have we found so many that were licensed in the first place? I think that is simply the fact that we did not have a good enough basic information gathering system to discover the redundancies that exist.

It is amazing how a new claimant's information can be satisfied when you have a good collection system to identify that which is already being gathered in.

Mr. HORTON. If the gentleman will yield, let me say this.

Part of the problem is this. Very seldom do people go back over and determine that such and such is not needed. If it was started once, it sort of goes on in perpetuity.

It is important to have a review process to determine whether or not information is still current and still needed. The central locator system can help in that regard.

Mr. WACKER. If I may, let me say this. I have observed this over my years. We have systems development, or refinement, from time to time, both within the legislative and the executive branch. For example, within the Congress you established a new congressional budget process in 1974.

The present administration established a new budgetary procedure called zero-based budgeting.

As these come in, there is a natural tendency to do this. It may be a proper approach. We do not let go of an existing process until we have installed and debugged the one that is supposed to be the follow-on.

I am finding right now that our whole presentation of the budget to Congress results in a tremendous amount of information. I would be the first to say that some of that still is a vestage of our earlier system. Some of it is a new system.

We have to follow up on this. The followup function is very, very important. You will find this overlap of systems coming in.

Unfortunately, we do not always drop out the information data that has been collected from the so-called predecessor systems.

Mr. LEVITAS. Thank you.

Thank you, Mr. Chairman.

Mr. BROOKS. Mr. Levitas, thank you.

Gentlemen, we want to thank you for your testimony. We wish you every success, Mr. Wacker, in your future.

Mr. WACKER. Mr. Chairman, I found that my granddaughter did not know much about XM-1 tanks, but she understands Sesame Street and the Muppets. [Laughter.]

Mr. BROOKS. Thank you.

Our next witness is Frank J. Carr. He is Commissioner of the Automated Data and Telecommunications Service within the GSA.

That office oversees Federal acquisition, lease, use, retirement, and sale of data processing and telecommunications equipment and services. It also administers the Federal procurement and property management regulations for these services and equipment.

Previously, Mr. Carr has held a wide variety of management positions in private industry and in Federal, State, and local government administration. He is a graduate of the University of Pennsylvania. He studied at the Wharton School and the Harvard Business School.

We are delighted to have him here. You may proceed.

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**STATEMENT OF FRANK J. CARR, COMMISSIONER OF AUTOMATED  
DATA AND TELECOMMUNICATIONS SERVICE, GENERAL SERVICES  
ADMINISTRATION**

Mr. CARR. Thank you, Mr. Chairman.

Before I start, I would like to extend Mr. Freeman's regrets for not being here today. We did discuss the legislation, and the remarks I make, although they focus principally on the activities of the Automated Data and Telecommunications Service, do reflect the GSA's viewpoint on the legislation.

I have some prepared remarks which I will submit for the record. I would like to highlight some of them and make some additional remarks that are prompted by the testimony I have heard this morning.

Mr. BROOKS. Without objection, your prepared statement will be inserted in the record.

[See p. 137.]

Mr. CARR. Let me begin by pointing out that there has been some question raised about the act, regarding the title of it, the Paperwork Reduction Act of 1980.

Let me comment on the fact that although the principal remarks this morning were focused on paperwork reduction as it impacted on the public, that there is a lot of other paperwork that goes on in the Federal Government that this act will have an impact on.

The Federal Government has 12,000 computers that are turning out a lot of paperwork. For all of the automated systems we have, we have an awful lot of people who are in the middle of this system trying to pass paper back and forth almost from one computer to the other.

Some of the problems that we are faced with there, in fact, will be addressed by the bill.

We also have a lot of paper that flows back and forth that is unnecessary, or could be eliminated by better communications. There are other objectives, then, that would be satisfied by this act.

The act also might have been termed the Information Management Act of 1980 because it does address the subject of information management as well as paperwork reduction.

In my own mind, I will distinguish between the two by referring to paperwork reduction as an objective that we are trying to accomplish. Information management is the broad function which can be used to satisfy that objective, as well as some others.

The other objectives, for example, could be to increase productivity, maintain a more stable—

Mr. HORTON. You and I know what information management means, but the general public does not know. If we call this the Information Act of 1980, people might think we were trying to manage information that will be fed to them on a PR basis, or something like that.

I know what you are trying to say to us, but paperwork reduction is something people can relate to very quickly.

Mr. CARR. I realize the explanation I am giving is not necessary so far as the committee is concerned, but what I am really giving you is

the explanation I have given to others who have asked me why in the world is this being called the Paperwork Reduction Act. I have given them the same explanation.

I should also like to mention that the focus of most of the comments this morning tended to address solving current problems, or problems which existed in the past and that we are still living with.

An important aspect of this bill is to create an environment that will prevent future problems from occurring. That is the major focus. That is one of the ones I am principally interested in.

Back in June and July 1976, this committee held hearings. Mr. Chairman, if you do not mind, I would like to recall some of your closing remarks.

You mentioned:

GSA has failed to enforce regulations and restrictions in the delegation of procurement authority. It has failed to provide ADP management guidance to user agencies, which their role under the Brooks Act dictates.

You then said:

The OMB, charged with policymaking responsibility under the law, has failed to establish concise, clearcut policy and, to the extent that some policies have been issued, has failed to provide adequate direction in their enforcement.

You stated:

The NBS, responsible for the development and issuance of standards, has failed to provide the Government with necessary hardware and software standards.

Finally, you said:

The user agencies, in turn, have consistently failed to cooperate with GSA when procuring ADP equipment.

You apparently were in a generous mood that day and included everybody in your remarks. [Laughter.]

The President's Federal reorganization project in the ADP portion in 1977 and 1978 also examined what was happening in the ADP area. They pretty much found that matters had not changed substantially.

Specifically, they found that leadership from the Federal information policies were fragmented. In the agencies there was little commitment at the top management level. They encouraged GSA to improve and streamline the procurement process and to develop and recognize procurement competence in the agencies.

We have taken certain steps. I will just mention a few of them and relate them to the bill, H.R. 6410. It emphasizes the importance of standards and compliance with those standards, particularly for software and computer languages.

This is a major problem we have in the acquisition and utilization of computers.

The cost of hardware has steadily been going down. The cost of system development software has steadily been going up. The problem in the cost conversion from old systems and old computer equipment to new has been a major problem that we have been faced with.

We have implemented changes in our organization to do a better job in enforcing compliance with standards. We have established an Office of Software Development. The nucleus of that was the Federal Compiling Testing Center, which the Navy, for some years, has operated and has provided us with a corps of extremely capable people.

They presently validate compilers provided by vendors.

We are also establishing a software conversion support center, which is intended to aid agencies in planning for conversions.

H.R. 6410 also provides for the development and implementation of the comprehensive Federal policies, principles, standards, and guidelines.

One of the things you find when you start to look at this area is that you have a large number of divergent and competing interest groups.

You have the data processors, the statisticians, word processors, records managers, designers of reports and questionnaires, communication specialists, office managers, and I am sure we could add others to this list.

One of the major benefits of this particular legislation is that it is bringing together all of the separate interests in a focused manner. That, by the same token, is one of the problems that will have to be faced in implementing the bill because there is a tendency to resist this bringing together.

H.R. 6410 also requires the head of each agency to designate a senior official who shall, among other things, have the responsibility and accountability for any acquisitions made pursuant to a delegation of authority from GSA under the Brooks Act.

As was mentioned earlier, Congress may want to consider having more than one person to be identified. If that is the case, there probably should be one of those individuals who would be designated as the senior representative for the agency.

H.R. 6410 also requires OMB and GSA to develop a 5-year plan for meeting the Federal Government's ADP requirements. That is a very ambitious objective.

As I have pointed out, you may want to consider making that a second year objective instead of the first year objective. You also might point out that the OMB and GSA could not, in fact, develop such a plan without the full participation and initiative from the agencies.

Finally, with regard to records management functions principally performed in the National Archives and Records Service, the GSA supports—

Mr. BROOKS. Excuse me. We have had a second bell on the floor for a vote. We will, therefore, have to go to the floor. We will be right back after a brief recess.

[Recess taken.]

Mr. BROOKS. The subcommittee will reconvene.

Mr. Carr, please continue.

Mr. CARR. In conclusion, Mr. Chairman, let me repeat this.

H.R. 6410 addresses many longstanding problems. It focuses Government-wide information policy and standards into a single focal point. It will make the practices and procedures of each agency prominent. It requires high level attention to both internal efficiency and the paperwork burden on the public.

It gives added impetus to the programs of GSA, particularly ADTS, to achieve its responsibilities under the Brooks Act.

I would like to point out, Mr. Chairman, going back to the original passage of the Brooks Act, the legislative history shows that the decision was made not to statutorily define ADP equipment. The reason

for that was the feeling that we really did not understand what the future changes would bring in the marketplace.

Since that time, there has been a significant change in the market. There have been things like proprietary software programs and tele-processing services and many additional ways in which agencies can satisfy their ADP requirements.

The Brooks Act established a framework within which the Federal Government could address the new means of satisfying its requirements.

Similarly, H.R. 6410 has to be viewed in that light. It provides a management system that should not only help us to solve the problems we have today, but will provide the framework for solving the problems that we cannot define today, although we are sure to be faced with them in the future.

With that, Mr. Chairman, I thank you for this opportunity to testify. I have some technical points which I would like to discuss later with your staff. I am available to answer your questions.

Mr. Brooks. We appreciate your comments or any technical points you might want to raise.

I have one question.

Agencies are certain there is no need for strengthening central management to improve the use of information technology. In your review, have you found patterns in present practices that are attributable to unfocused leadership?

Mr. CARR. Yes, sir, I believe testimony earlier today, and in your last hearing pointed out some of these. I mentioned in my comments today that one of our significant problems is in the conversion area.

Most of the problems that we have are the result of poor software management practices. In turn, many of those arise as a result of a failure within an agency to define what requirements are for information and which are to be met.

We tend to respond in a quick fashion to immediate needs from many different parts of agencies. Therefore, the high-level attention to planning and the definition of requirements and making the kinds of judgments about what will be done and what will not be done will solve many of the problems that we are faced with today and that you find prevalent in many of the agencies.

Mr. Brooks. Could you give us some illustrations of how better information management and more effective use of information technology can improve Government operations?

Mr. CARR. I think, if I can use the testimony today, that there is the idea of establishing a budget for paperwork. OMB has established that. That is an aspect of information management. It is a way of approaching the problem of controlling just how much of a burden do we put on the public.

In virtually every agency, there are opportunities to improve the effectiveness of the services which that agency delivers. In almost every case I have run across within agencies there is a great deal of paperwork burden present. The paperwork is associated with computerized systems.

I think the bill will focus management attention on what is the end objective we are trying to satisfy and how do we satisfy the mission of the agency and how do we properly allocate resources to meet those information needs.

Mr. BROOKS. In your remarks you mentioned agency resistance to GSA's reclassification of commodities from the Federal Supply Service—FSS—to the Automated Data and Telecommunications Service—ADTS—both within GSA. Can you explain to this subcommittee just why agencies want to limit their thinking to large-scale ADP systems rather than managing information technology in a broader and more comprehensive fashion?

Mr. CARR. The reason for this lies in the fact that information management has many different facets. The diverse interests I mentioned earlier among people who consider themselves word-processing experts and people who consider themselves records managers and the ADP people and the communications people—all these different facets are what can be broadly called information processing.

The focus of this bill and the focus of our reclassification effort is to bring together these things that relate to each other and that really should be working in concert to satisfy agency objectives.

Therefore, as you start to bring these diverse interests together, there is a feeling that either someone is going to be riding herd on what is being done, or that one group is taking over the turf of another group.

Very specifically, the tendency is to feel that the ADP people in the agency, because they represent generally the largest numbers and the ones with the biggest budget, are taking over everybody else's turf.

Therefore, a lot of the resistance is not the agency itself, but it is internal to the organization and from the people down in the organization that generate the resistance.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman.

I want to thank Mr. Carr for his testimony. I think the chairman has covered most of the information I wanted to ask him about. I have no further questions.

Mr. BROOKS. Mr. Carr, we want to thank you for your testimony.

[Mr. Carr's prepared statement follows:]



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STATEMENT OF  
FRANK J. CARR  
COMMISSIONER, AUTOMATED DATA & TELECOMMUNICATIONS SERVICE  
GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES

ON H.R. 6410, THE PAPERWORK REDUCTION ACT OF 1980

Mr. Chairman and Members of the Subcommittee :

I am pleased to appear before your Subcommittee today to discuss H.R. 6410, the "Paperwork Reduction Act of 1980." The bill contains remedies for some longstanding problems in Federal management policies relating to automated data processing equipment (ADPE), telecommunications, records management, and related technologies.

In June and July of 1976, almost exactly one year before I became Commissioner of the Automated Data and Telecommunications Service (ADTS), this Subcommittee held hearings to review the administration of Public Law 89-306. With your indulgence, Mr. Chairman, I'd like to recall some of your closing remarks for those hearings :

"... GSA has failed to enforce regulations and restrictions in the delegation of procurement authority. It has failed to provide ADP management guidance to user agencies, which their role under the Brooks Act dictates."

"The OMB, charged with policymaking responsibility under the law, has failed to establish concise, clearcut policy and, to the extent that some policies have been issued, has failed to provide adequate direction in their enforcement."

"The NBS, responsible for the development and issuance of standards, has failed to provide the Government with necessary hardware and software standards."

"The user agencies, in turn, have consistently failed to cooperate with GSA when procuring ADP equipment."

In their studies during 1977 and 1978, the President's Federal Data Processing Reorganization Project found conditions to be much as you described them in your earlier remarks. They found leadership for federal information management policies unfocused and fragmented. In the agencies, they found little commitment or top management involvement in effective utilization of information technology. They encouraged GSA to improve and streamline the procurement process, and to develop and recognize procurement competence in the agencies.

There are some signs of progress, Mr. Chairman, that I'd like to report. Although I'm proud of our accomplishments, I'm personally convinced that much more could be done, particularly if the strong leadership envisioned by this bill can be realized.

H. R. 6410 emphasizes the importance of standards and compliance with those standards, particularly for software and computer languages. This emphasis is appropriate for two significant reasons: first, the costs of developing and maintaining software probably exceeds the cost of hardware at nearly every federal installation; second, the difficulty and cost of converting software from one kind of equipment to another inhibits full competition between manufacturers of equipment or between alternative sources of computer services.

In recognition of this problem, ADTS has formed the Office of Software Development, which has two components: The Federal Compiler Testing Center and the Software Conversion Support Center.

The Federal Compiler Testing Center does not establish standards for computer languages, but does certify whether compilers meet required standards. Herein lies a problem which we, alone, cannot solve -- the Federal Government uses many computer languages: COBOL, FORTRAN, PL/I, BASIC, ALGOL, PASCAL, APL, and others -- by and large we have no federal standards for many of the languages that we use, so our programmers use many conflicting variations or dialects that cannot be understood by other systems.

The Software Conversion Support Center, which we have recently created, will help agencies plan for conversions from one system to another and will lay down basic principles that will minimize recurring problems. We are redrafting our Federal Procurement Regulations and Federal Property Management Regulations to describe both the responsibilities of this new office and the responsibilities of Federal agencies. The resources of our office could never be adequate to act on more than a selective basis -- I am convinced that their effectiveness would be multiplied many times by the strong endorsement of their objectives that is provided by H. R. 6410.

Information management is a concept as volatile and changing today as the concept of data processing was 15 years ago when the Brooks Act was passed. H.R. 6410 will lead to the integration of many divergent and competing interest groups under comprehensive Federal policies: data processors, statisticians, word processors, records managers, designers of reports and questionnaires, communications specialists, and office managers are representative interest groups that must rely upon information processing technology to achieve future productivity gains. For many years it has been evident that the branches of information processing technology were converging, yet little more than lip service has been paid to the need for consistent, central management or policy direction. H.R. 6410 not only recognizes these technologies as being related, but also provides for the development and implementation of comprehensive federal policies, principles, standards, and guidelines.

GSA has taken a step in this direction. As a result of a multi-year study, about one year ago, ADTS became responsible for managing supply contracts and for providing procurement direction for all communications and general purpose data processing equipment. Previously, these responsibilities had been shared with the Federal Supply Service. At the same time, we found a lot of equipment we thought should be managed under the Brooks Act that was classified as laboratory, photographic, or office equipment. Subsequently, we have transferred these items into contracts which we manage. We have also been working with the National Archives and Records Service to offer consistent guidance to Federal agencies for the management of this reclassified equipment. We have issued a bulletin to all agencies explaining the regulations as they apply to word processing. We hope to complete this year a rewrite of our regulations to encompass the complete concept of "office automation."

Frankly, Mr. Chairman, that reclassification has proven to be an unpopular decision on our part and one that has caused unrest in a number of agencies. There are many agencies that don't like the discipline of ADP regulations or our emphasis upon competition. Many agencies resist the notion that office automation, data processing, and communications are even related. I see in H.R. 6410 an affirmation of the similarities of these technologies and a direction to manage these tools coherently.

For several years ADTS has had a concept of "agency certification" in which agencies with demonstrated procurement competence and a clean track record would be granted much broader discretion, with less direct GSA involvement in their procurements. This theme was also picked up by the President's Reorganization Project and called "earned autonomy."

Fundamentally, this concept is an appealing one, although not one that can be implemented except gradually. In 1978, we revised our procurement regulations to create a "blanket delegation of authority" to agencies up to a threshold of \$300 thousand for competitive acquisitions. This was a six-fold increase over their prior limitation of \$50 thousand. I have noted with interest that there is no consistent pattern among agencies in how they have parcelled out this newly granted authority. We have also found that most agencies are disturbed about assuming responsibility for procurement decisions; they would like to buy whatever they want and have GSA available as an excuse for any inefficiencies. This is particularly true for those items of equipment recently transferred into our jurisdiction. Since these items had been on "mandatory" Federal Supply Schedules, the prevalent practice had been that these items had been procured by low-level personnel with only nominal documentation to support their contracting actions. As a result of our changes, these agencies will be using higher level contracting officers and documenting their decisions more fully. Many agencies have complained to us that they haven't the personnel resources to comply with our procedures. I have not yet seen any hard figures from any agency, when I do then we may be able to work together to minimize hardships during this transition period. These are several topics for our continuing study.

H.R. 6410 requires the head of each agency to designate a senior official who shall, among other things, have the responsibility and accountability for any acquisitions made pursuant to a delegation of authority from GSA under the Brooks Act. The designation of such an official will, I think, clarify many confused lines of communication between ADTS and our clients and enable us to proceed, where warranted, much more rapidly in experiments with agency certification.

I would also expect these designated officials to become advocates within their agencies for productive applications of technology. I would hope this official is able not only to promote effective uses, but also to curb such excesses as noticed by the GAO last spring in their word processing study, when they found evidence of unjustified acquisitions and underutilized equipment.

H.R. 6410 also requires that the OMB and GSA develop a five-year plan for meeting the data processing and telecommunications needs of the Federal Government. Such a plan is an ambitious undertaking and you may wish to consider making that an objective for this new office's second year, rather than its first. I would look forward to such a plan as a roadmap and information base that would make ADTS more effective and responsive in providing for the needs of the agencies.

With regard to the records management functions of the Director under Section 3504(e) of the bill, we believe that having the authority and support of OMB behind GSA's records management inspection program will have a very positive effect on Federal agencies' commitments to improve records and information management practices. Similarly, the requirement in section 3513 that OMB selectively review at least every three years the information management activities of each agency will permit a broader review than is presently undertaken. We also are pleased with the increased emphasis being placed on the annual report to OMB and Congress on the results of inspections.

In conclusion, H.R. 6410 addresses many longstanding problems: it provides for focussed government-wide information policies and standards; it makes the practices and procedures of each agency prominent and requires high-level attention to internal efficiency and the paperwork burden on the public; and finally, I believe it gives added impetus to the programs of GSA to achieve its responsibilities under the Brooks Act.

I thank you, Mr. Chairman, for the opportunity to testify on this bill. This concludes my prepared statement. I have a few technical suggestions for the bill which I will be happy to discuss with your staff. I would be pleased to answer any questions which you or other Members of the Subcommittee may have.

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Mr. BROOKS. Let me say that concludes today's hearings. We will continue hearings on this matter on Tuesday, February 26, at 10 a.m. The subcommittee stands adjourned.

[Whereupon, at 11:30 a.m., the subcommittee adjourned, to reconvene at 10 a.m., Tuesday, February 26, 1980.]

## PAPERWORK REDUCTION ACT OF 1980

TUESDAY, FEBRUARY 26, 1980

HOUSE OF REPRESENTATIVES,  
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:21 a.m., in room 2154, Rayburn House Office Building, Hon. Jack Brooks (chairman of the subcommittee) presiding.

Present: Representatives Jack Brooks, Dante B. Fascell, Fernand J. St Germain, Elliott H. Levitas, Frank Horton, and Arlan Stangeland.

Also present: Eugene F. Peters, staff director; Cynthia W. Meadow, professional staff member; Linda Shelton, office manager; Mary Oliver, secretary; William M. Jones, general counsel; Elmer W. Henderson, senior counsel; James Lewin, professional staff member; Robert Brink, professional staff member; John M. Duncan, minority staff director; Stephen M. Daniels, associate minority counsel; James McInerney, minority professional staff; and J. P. Carlson, minority counsel, Committee on Government Operations.

Mr. BROOKS. Today is the final day of hearings on H.R. 6410, the Paperwork Reduction Act of 1980, and the subsequent markup of that bill. In our prior 2 days, we heard testimony from administration witnesses and a former IRS Commissioner. They all supported the bill; the OMB in stating its support said that the legislation would provide it with some badly needed tools to improve the management of Federal information. Our witnesses this morning are appearing as a panel of private citizens representing an association concerned with information management. Mrs. Frances E. Fuller of Houston, corporate records administrator for Coastal Corp., is chairman of the Legislative Affairs Committee of the Association of Records Managers and Administrators. Mr. Daniel Moser is cofounder of the Association for Federal Information Resources Management. He has worked in various capacities in the Federal Government; from 1964 to 1966, he was staff management consultant with the D.C. government. He is an innovator in the field of information resources management and has been active in this area since his retirement from Government service. Mr. Carl A. Beck is the past chairman of the Business Advisory Council on Federal Reports, president of a small Pennsylvania corporation pioneering in the application of electronic data processing methods of inventory manufacturing and engineering problems affecting small business. I understand that you each have a statement. I have read them. If you will submit them for the record, we'll be delighted to hear basically additional comments that you might have. And, I might say in advance that I thought that the statements were informative and helpful, generally constructive and certainly supportive of this legislation.

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Mr. HORTON. Mr. Chairman, just so the witnesses will know, I've read the statements also. They were furnished to me last night, I read them, and I think that they are excellent statements.

Mr. BROOKS. Mr. Moser, we will start in that order with you and work across.

**STATEMENT OF DANIEL MOSER, COFOUNDER, ASSOCIATION FOR  
FEDERAL INFORMATION RESOURCES MANAGEMENT**

Mr. MOSER. Yes, sir, thank you. My name is Daniel Moser and I am here to testify in support of H.R. 6410 representing the Association for Federal Information Resources Management—AFFIRM—which is a professional association of Federal employees joined to pursue the objective to improve the management of the information systems and resources of the Federal Government. The basic concept of AFFIRM is to provide a forum for the expression of views of professionals in all aspects or components of Federal information systems and resources management as individuals and not as representatives of employers. AFFIRM views Federal information systems and resources management as including the following aspects or components: ADP, paperwork, records, library and technical information, FOI and privacy, printing and publications, information security, and related fields. The most important thing that AFFIRM wants to support in this bill is the broad, coordinated and integrated approach to information systems and resources management in the Federal Government, an approach which was sorely lacking before the reports of the Commission on Paperwork and the introduction of the legislative predecessors of H.R. 6410. I want to emphasize several of the points that I have in my written statement.

We support the bill basically because of its broad, integrated, and coordinated approach to information systems resources management in the Federal Government. As a personal note in that connection, I want to add that this promises to be the best piece of legislation for improving the management of Federal bureaucracy that I have seen in over 30 years of working from within to improve the management of that bureaucracy. As good as the proposed legislation is, I think it can be strengthened. One way of strengthening this would be to improve its coverage to include library and technical information services. This is an area of the Federal Government which is virtually leaderless at the present time and needs greater attention to be integrated into the whole field. I also suggest, as being appropriate for specific inclusion, the printing and publication function in executive agencies. Third, the organizational aspects of the legislation should be, at least, maintained and preferably strengthened. The statutory office attached to OMB should be the absolute minimum. I won't go into all the details of why I think this is necessary, but I will emphasize to the committee that the suggestion for a separate management system office was strongly endorsed by the Federal Government's paperwork and records management community at the Federal Records Management Conference in 1978.

In the interest of time, I'll skip to my final paragraph which is not included in my prepared statement.

Mr. BROOKS. Good.



Mr. MosER. I applaud you gentlemen, your staffs, and all the unsung and quiet heroes in GAO and executive agencies who contributed to this legislation.

Mr. Brooks. I have a question, too. In your testimony you spoke of the 20 to 1 return on investment, of the dollars invested in the functions established by this bill. How did you calculate that?

Mr. MosER. Mr. Chairman, that is a general rule of thumb I use based on my own experience. However, other individuals, agencies, or consulting firms may use different bases or approaches. For example, it is a fairly common estimate that an intensive management review of almost any ongoing manpower-intensive operation that has not been subjected to a thorough analysis in, say, 3 to 5 years can reduce its manpower requirements for the same output by about 10 percent. It can also at times discover gross understaffing as a cause of operational ineffectiveness. Another type of example: During my last tour of duty, I initiated a number of departmentwide paperwork improvement projects. Two of these projects, when completed over a total elapsed time of about 2 years, resulted in initial direct savings of over \$1 million in space, equipment, postage, and related costs. This does not take into account the recurring nature of those savings nor the manpower savings which resulted from improved operations. In this case, the direct additional investment probably came to about \$50,000. A relatively higher level of such results should be expected from the work of an effective central management and analysis systems office with the entire Federal bureaucracy as its scope.

[Mr. Moser's prepared statement follows:]

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Statement in Support of H.R. 6410

My name is Daniel Moser. I am here to testify in support of H.R. 6410 as an originator and co-founder of the Association for Federal Information Resources Management (AFFIRM). AFFIRM is a professional association of federal and ex-federal employees who have joined to pursue the objective "to improve the management of the information systems and resources of the federal government". The basic concept of AFFIRM is to provide a forum for the expression of views by professionals in all aspects or components of federal information systems/resources management, as individuals and not as representatives of employers.

AFFIRM views federal information systems/resources management as including the following aspects or components: ADP, paperwork, records, library and technical information, FOI and Privacy, printing and publications, information security and related fields.

AFFIRM was founded to promote a broad, coordinated and integrated approach to information systems/resources management in the federal government, an approach which had been sorely lacking before the reports of the Commission on Federal Paperwork and the introduction of the legislative predecessors of H.R. 6410.

That is why AFFIRM strongly supports H.R. 6410: it affords the first real opportunity in the history of the internal management of the federal government for a broad, coordinated and integrated program approach to information systems/resources management. We need not dwell on the deficiencies of the past and the existing situation, other than to say that H.R. 6410 is an admirable corrective. It is truly landmark legislation, and should take its place along with other watershed legislation such as the Budget and Accounting Act of 1921. As a personal note, I add that this promises to be the best piece of legislation for improving the management of the federal bureaucracy that I have seen in over 30 years of working from within to improve the management of that bureaucracy.

As good as the proposed legislation is, there is still room for strengthening its provisions. First, the "Purpose" section of the bill would be greatly strengthened if it included an additional statement of Congressional policy officially adopting or endorsing information resources management as the basic program approach in this field. Second, the functions covered by the legislation should include library and related scientific/technical information activities. This functional area is virtually leaderless at the governmental management level, and is an integral part of a complete information systems/resources program approach.

Third, the organizational aspects of the legislation should be at least maintained and preferably strengthened. A statutory office attached to OMB should be the absolute minimum. Preferable would be assignment of responsibilities under H.R. 6410 to a separate management systems and analysis office at the governmental level. Governmental-level responsibility for management systems and analysis work has been the responsibility of the Budget Bureau/OMB for at least 40 years. Except for a brief period in the 1940s, BOB/OMB has seriously neglected that responsibility. For over 30 years BOB/OMB has been trying to manage the federal bureaucracy thru the budget process, and it has failed miserably. The internal federal management systems and analysis function has fallen into disuse and disrepute under the lack of BOB/OMB leadership and support.

Internal management improvement of the federal bureaucracy simply cannot be achieved effectively thru the budget process. It requires a very different substantive analytical approach based on the principles of scientific management, systems analysis and organization and methods. The budget process and organization cannot or will not provide this approach. For this basic reason, it is suggested that the responsibilities under H. R. 6410 be assigned to a separate Office of Management Systems, along with other government-wide and governmental-level management systems and analysis activities. This suggestion was strongly endorsed by the federal government's paperwork and records management community at the 1978 Federal Records Management Conference at Fredericksburg, Va. The conference participants also strongly endorsed information resources management and most related recommendations of the Commission on Federal Paperwork. We did this over the implicit opposition of OMB and GSA/NARS.

Those of us in information systems and resources management in fields other than ADP are concerned with what we perceive as attempts toward ADP hegemony over the entire field of information resources Management. ADP is only one segment of this field, but in agency after agency responsibility for the total function has been assigned to or absorbed by the ADP activity. H.R. 6410 itself tends to provide for coordination and integration of the several components of the total information resources management function as equals, but a provision in the bill clearly stating such a Congressional policy would be immeasurably helpful when it comes to actual administration of the program.

Finally, there are bound to be criticisms of the putative cost of the legislation as stated in Section 3520. If such a provision were not in the bill, there would be no way that OMB would authorize such a level of expenditure. And that level of expenditure is probably the rock-bottom minimum for the effective initiation, development and execution of the program. A simple return-on-investment analysis will show why. Typically, every dollar of an adequate investment in such management improvement activities will

return at least \$20 in hard-dollar, annual, recurring savings. Over a period of 5 to 10 years, the savings from effective execution of the H.R. 6410 program would save literally billions of dollars out of the federal budget, and additional billions in expense placed directly on the American public.

The problem in achieving these savings will be in forcing OMB and agencies to make the initial investment. No undertaking in the world can be viable without an adequate initial investment. But federal agency managements typically adamantly refuse to make the investments in management improvement activities necessary to achieve effective organization and operations, and to generate billions of possible savings. Congressional appropriations committees' help will be needed to accomplish this.

Finally, I want to say in closing that it is indeed heartening for a 40 year student of political science and a 30 year practitioner in public administration to see this very positive and practical initiative for improving the federal bureaucracy emerge from the legislative branch of government.

Mr. Brooks. Mrs. Fuller?

**STATEMENT OF FRANCES E. FULLER, CHAIRMAN OF THE LEGISLATIVE AFFAIRS COMMITTEE OF THE ASSOCIATION OF RECORDS MANAGERS AND ADMINISTRATORS, INC.**

Mrs. FULLER. Good morning, Mr. Chairman, and members of the subcommittee. I represent the Association of Records Managers and Administrators as chairman of the Legislative Affairs Committee.

With me today is Teresa Neugebauer, a member of our committee. Ms. NEUGEBAUER. Thank you.

Mrs. FULLER. ARMA is a nonprofit professional association formed to promote interest in records and information management. We furnish a source of guidance for the approximately 7,000 members we serve nationwide. The testimony we are presenting today is ARMA's first. We are pleased to support H.R. 6410, the Paperwork Reduction Act of 1980. We believe this legislation is representative of a national trend to reappraising the role of Government and the effect of regulations on the private sector. Our association lauds the work being done by this committee to address the serious problems we have encountered. We believe that the objectives of H.R. 6410 address for the first time and create the basic authorities and accountabilities to exercise badly needed control over the reporting and record-keeping regulations which have become a \$100 billion a year burden to the private sector.

You feel that the authorities delegated to the Office of the Administrator are fair and necessary to insure an impartial and objective assessment of the paperwork burden placed on the private sector. We feel that the division of responsibility is realistic and workable and will be instrumental in developing a genuinely participatory information-handling function for the agencies and the general public. This will provide adequate participation and review by the Office of Federal Information Policy. We would like to stress our desire to conclude compliance costs as a major factor in evaluating record-related regulations. On page 4 of our prepared statement is an analysis prepared by OMB. This data is a little bit dated but it indicates that well over 130 million man-hours a year are used to complete Government required forms. Translating that into today's wage prices, this comes to between \$814 million to over \$1,600 million. As you know, the Paperwork Commission found that this boils down to over \$500 annually for every man, woman, and child in the United States. Now, that's plenty, but that's not all. No cost equation is complete without the factor of retention and storage costs. Every company in the United States has space that it uses exclusively for this purpose. It is not unusual to find companies paying as much as \$60,000 a year to store records needed to comply with the requirements which affect their organization. Storage costs are often a hidden factor, not recognized when computing reporting requirement compliance figures. A major problem is the often vague or ambiguous nature of the regulations themselves.

If the Administrator of the Office of the Federal Information Policy could accomplish only one thing, in our opinion, it should be to simplify and clarify the recordkeeping and retention period regulations.

The average citizen should be able to understand these regulations without specialized training. We believe that if an agency has the right to call for the creation and maintenance of records and information, it likewise has an obligation to provide meaningful retention periods to meet its requirements. Because retention periods are often unspecified, vague, or difficult to determine, we are put in the position of having to keep too many records for too long. Records managers trying to balance equipment, personnel, and storage costs of retention against civil or criminal liabilities for premature destruction have a difficult decision to make. The risks of premature destruction are too great to offset the tremendous costs and personnel burden they reflect. We are hopeful that the Federal information locator system can be used to address this problem. Language and the Paperwork Reduction Act allows the general public to have access to its indexing system. We are hopeful that the index may be developed to include not only data profiles and reference to the agency which requires them, but a reference to whether or not the named data is a record to be filed with the agency or to be kept subject to audit. We are especially hopeful that the index will include specific retention periods. We support the inclusion of all Federal agencies in this legislation and believe it will allow thorough, comprehensive overview of the important administrative functions of paperwork management.

We are grateful for the expression of legislative intent to develop additional legislation as problems are specified and solutions found. In summary, the membership of ARMA offers its very strong support to the Paperwork Reduction Act of 1980. We view the enactment of H.R. 6410 as a major step to renewing public confidence in the regulatory process. Thank you, Mr. Chairman and members of the subcommittee, for the opportunity to testify on behalf of the Association of Records Managers and Administrators. We will be happy to answer any questions you may have.

Mr. Brooks. Thank you very much. How can the implementation of H.R. 6410 aid in your task of establishing reasonable records retention periods?

Mrs. FULLER. Mr. Brooks, at the present time, there is no authoritative single source for retention regulations. Once you have determined which agencies have jurisdiction over your operations you must then read the entire entries in the Code of Federal Regulations to see whether or not they are specific. If retention information is added to the Federal information locator system index, that can become an authoritative register for the public and for the agencies and can be used by the Administrator of the Federal Information Policy as a tool to standardize retention periods.

Mr. Brooks. Mr. Horton?

Mr. HORTON. Thank you, Mr. Chairman. I want to welcome Mrs. Fuller and the representatives of the Association of Records Managers and Administrators. It was about 2 years ago right after the work of the Federal Paperwork Commission was concluded that I was invited to attend your annual meeting in Houston, Tex. That was the first meeting that I attended after making the report as Chairman of the Paperwork Commission to the Senate, the House, and the President. I remember the commitment that was made at that point by your national chairman that your association would support the recommendations of the Paperwork Commission, and what you've said

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here today is an implementation of that commitment. As the former Chairman of the Paperwork Commission, I want to express my personal appreciation to you for following up on that commitment, and again, tell you how much I enjoyed that visit with your national organization.

Thank you very much.

Mrs. FULLER. Thank you, Mr. Horton.

[Mrs. Fuller's prepared statement follows:]

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STATEMENT OF  
FRANCES E. FULLER  
ASSOCIATION OF RECORDS MANAGERS  
AND ADMINISTRATORS, INC.

ON  
H.R. 6410  
THE PAPERWORK REDUCTION ACT OF 1980

BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1980



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My name is Frances E. Fuller. I represent the Association of Records Managers and Administrators, Inc. (ARMA) as Chairman of the Legislative Affairs Committee.

ARMA is a non-profit professional association formed to promote interest in records and information management. It provides a forum for research, education, and the exchange of ideas. Our goals are to foster professionalism, develop workable standards and practices, and to furnish a source of guidance for the approximately seven-thousand members we represent nationwide.

We are pleased to present testimony in support of H.R. 6410, the Paperwork Reduction Act of 1980. We believe that this legislation is representative of a national trend toward reappraising the role of government and the effect of government regulations on the private sector. Our Association lauds the work being done by this Committee to address the serious problems we have encountered in attempting to manage the paperwork and reporting requirements promulgated by Federal Regulatory Agencies.

Our Association strongly supports the objectives of H.R. 6410. We believe this Bill provides - for the first time - the basic authority and accountability to exercise badly needed control over reporting and recordkeeping regulations which have become a \$100 billion dollar a year burden to the private sector.

ARMA is in complete agreement with the statement of Congressman Horton, Chairman of the Federal Paperwork Commission, who said

"Information is a resource, not a free good. Like all resources, information is an asset to be managed, allocated efficiently, used wisely, and disposed of when it no longer serves a useful purpose."

As records managers, our perspective on this legislation is directed to private sector compliance. Although we are concerned with areas such as the structure of the proposed Office of Federal Information Policy, I will confine my remarks today to those topics for which I have developed a measure of expertise.

As far as we are concerned, there has been, and continues to be, a tremendous need for an Office of Federal Information Policy. We are hopeful that the oversight responsibilities delegated to this Office will eliminate many of the problem issues we would like to address.

We feel that the authority delegated to the Office of the Administration is both fair and necessary to assure an impartial, objective assessment of the paperwork burden placed on the private sector. We feel that the division of responsibility as enumerated in H.R. 6410 is realistic and workable and will be instrumental in developing a genuinely participatory information handling function for the Agencies and the general public.

The Federal Paperwork Commission addressed the issue of statutory recordkeeping and reporting requirements and found that, not statutes, but agency rules and regulations comprised the bulk of the paperwork burden. It is therefore our belief that greater attention should be given to the rulemaking procedures. Each Agency has developed many of its own internal procedures for formulating and promulgating regulations. We would welcome the assistance of the Administrator of the Office of Federal Information Policy as provided

in H.R. 6410 to ensure the adequacy of public comment before regulations are promulgated.

In our experience, there is very little an individual or business has been able to do to effectively challenge the record-keeping and retention requirements imposed by Regulatory Agencies.

We are confident that this legislation will clarify Congressional intent to ensure the adequacy of public comment and establish oversight and review procedures. Along these lines, we would like to see the Administrator establish minimum standards concerning the promulgation of regulations to include not only earlier public comment periods, but uniform procedures for administrative review, and uniform rulemaking procedures to provide adequate public participation and review by the Office of Federal Information Policy.

Although the Paperwork Reduction Act of 1980 addresses the issue of compliance costs, it does not mandate a cost/benefit analysis regarding reporting and recordkeeping regulations. We do not advocate cost accounting for each and every record-related regulation, but we would like to stress our desire to include compliance costs as a major factor in evaluating the necessity of any further regulations by the Office of Federal Information Policy.

It is virtually impossible to determine the exact cost of completing federal paperwork with any accuracy. Recent studies addressing this issue, however, point out that while there has been a reduction in the number of reports submitted by Federal Agencies to OMB under the Federal Reports Act, the burden of reporting, measured in man-hours has actually increased.

Table 1 - Federal Report Forms Cleared by OMB<sup>1</sup>

	31 Oct. 75	1 Mar. 76	Change Oct-Mar 1976	30 June 76	Change Oct '75 June '76
Forms (Number)	5,827	5,655	-3%	5,002	-14%
Annual Responses (Millions)	437	446	+2%	421	-4%
Annual Manhours (Millions)	138	145	+5%	143	+4%

Source: OMB Inventory of Reports (Includes both repetitive and single-time forms.)

Table one shows the number of reports required in the OMB inventory and Table 2 contains the tasks involved and OMB estimate of the manhours required by the private sector for compliance.

Table 2 - Federal Report Forms in the OMB Inventory  
(June 30, 1977)

Purpose or Use	Forms Involved		Annual Estimated Hours Required to Complete Forms (000's)	
	Number	Percentage	Hours	Percentage
Statistical Survey	1,262	27	18,033	13
Applications	1,193	25	52,748	38
Program Evaluation	1,090	23	28,793	21
Other Management	658	15	13,749	10
Recordkeeping	249	5	12,561	9
Other	298	6	12,908	9
TOTALS	4,714	100	134,273	100

How do these man-hours estimates translate into dollars?

A recent article in Information and Records Management by Robert Austin<sup>2</sup> dealt with the cost of paperwork management. He found that the man-hour costs involved in reporting compliance would range from \$6.50 to \$12.00 per hour or \$1,000 to \$2,100 per business per month. These rates multiplied by the man-hours estimates in Table 2 project an annual private sector compliance cost of \$814,000,000 to \$1,626,000,000. And, needless to say, the cost of this paperwork

<sup>1</sup> Memorandum. Number OMB-161, Executive Office of the President, Office of Management and Budget, Information Office, July 23, 1976. Subject: Report on the President's program to reduce the burden of Federal Reporting (no official title).

<sup>2</sup> "Information and Records Management", Austin, Robert, Vol. 13, No. 2, February, 1979.

burden is passed on to the public in the form of higher consumer prices. The Federal Paperwork Commission estimated that this maze all boils down to a combined total of \$500 annually for every person in the United States.

I wish that were all, but it is not. No cost equation is complete without the factor of retention and storage costs. Every company in the U.S. has "on-site" and/or "off-site" space used exclusively for the storage and retention of records. Retention has become a major factor in computing cost - as well as a major problem for records managers. The cost of an off-site facility to handle five thousand standard cartons of records was outlined in Information and Records Management.<sup>3</sup> The author found that the cost for installation and one year's maintenance was in excess of \$49,000. Storage costs, which are incremental to recordkeeping compliance, have increased dramatically over the years. It is not unusual to find companies paying as much as \$60,000 per year to store records needed to comply with the recordkeeping, retention, and reporting requirements which affect their operation. Storage costs are often a hidden factor not recognized when computing reporting compliance figures.

Although the Administrator of the Office of Federal Information Policy is directed to study and develop "standards relating to record retention requirements imposed on the public," oversight to ensure the establishment of clear retention periods simultaneously with the development of data collection or record-keeping requests is not specifically addressed.

<sup>3</sup> "Information and Records Management", Payne, Marjorie Thomas, Vol. 13, No. 3, March, 1979.

A major problem presently encountered by the public is the often vague or ambiguous nature of the regulations themselves.

If the Administrator of the Office of Federal Information Policy could accomplish only one thing, in our opinion, it would be to simplify and clarify the recordkeeping and retention period regulations. The average citizen should be able to understand federal recordkeeping and retention regulations without specialized training.

We believe that if an Agency has the right to call for the creation and maintenance of records and information, it likewise has an obligation to provide meaningful retention periods to meet its requirements.

Let me briefly describe the procedures a records manager must use in order to determine a retention period once a record series has been selected for consideration. First, it is necessary to seek legal counsel for a determination of which Agencies have jurisdiction over any of your organization's activities. Then, one must determine which Agencies have jurisdiction over the particular record. There is no authoritative reference source for that data. At this point, it is necessary to read the complete entries in the Code of Federal Regulations for all Agencies having jurisdiction in order to determine whether or not those Agencies have issued regulations concerning the record for which you wish to set a retention period. References to recordkeeping and retention requirements are usually scattered throughout an Agency's regulations. Very few Agencies have a comprehensive listing of these requirements in one section of their regulations. There are essentially four problems with the way record retention requirements are published. The first is that within the same Agency different Offices or Commissions set different retention periods.

For example, the U.S. Department of Labor requires retention of applications for employment. However, two Offices within the Labor Department have different retention periods. The Equal Employment Opportunity Commission sets a six month retention period (29CFR §1602.14) and the Wage and Hour Division Office requires those same records be maintained for three years (29CFR §850.3). It is easy to see that confusion may result at the beginning of a search for retention periods.

A second major problem is that many Agencies are vague as to which records an organization must keep "in-house" subject to audit even if they are specific as to the records that must be filed with them.

Third, some Agencies fail to specify the records covered by their retention regulations. For example, the Economic Regulatory Administration (ERA) of the Department of Energy (10CFR §210) sets a broad five or seven year retention period but is not clear as to which records are covered by the regulation.

And fourth, we find that many are vague or unspecific as to retention periods themselves. A perfunctory scan of the Code of Federal Regulations will illustrate my point. Out of 1,364 direct record retention requirements listed in the Code, 342 do not list a specific retention period. In other words, one fourth of the readily identifiable retention requirements do not include meaningful retention periods. Often the retention is vaguely stated as "indefinite" or "not specified."

We have also found retention periods stated in such a manner as to necessitate legal interpretation. For example, regulations of the Public Welfare Department, Office of Family Assistance (45 CFR §205.60), state "The State agency will maintain....records....required by the Secretary; and will retain such

records for such periods as are prescribed by the Secretary." Title 50, CFR, Wildlife and Fisheries (§21.14) lists a retention period as, "The buyer shall retain the Form 3-186 on file for the duration of his possession of such birds or eggs or progeny or eggs thereof." The latter example is somewhat amusing, but illustrates the kind of problems records managers encounter in determining retention periods.

It is inconceivable that we cannot assess a definite retention period to Government required records.

Because retention periods are unspecified, vague, and difficult to determine, we are put in the position of having to keep too many records for too long. Records managers, trying to balance equipment, personnel, and storage costs of retention against civil or criminal liabilities for premature destruction have a difficult decision to make. The risks of premature records destruction are too great to offset the tremendous cost and personnel burden they reflect.

After each Agency's regulations have been researched and identified, we are still left with the problem of having to determine the longest retention period required.

We are hopeful that the Federal Information Locator System can be used to address this problem. Language in the Paperwork Reduction Act of 1980 allows the general public to have access to its indexing system on request. We are hopeful that the index may be developed to include not only data profiles and reference to the Agency which requires them, but also a reference to whether or not the named data is a record to be filed with the Agency or a record to be kept subject to audit. We are especially hopeful that the index will include specific retention periods.



The Federal Information Locator System can be an invaluable tool to the Office of Federal Information Policy, the Federal Agencies and the general public.

We support the inclusion of all Federal Agencies in this legislation and believe it will allow a thorough, comprehensive overview of the important administrative function of paperwork management.

On the subject of privacy protection, we feel that the language contained in §3510, Cooperation of Agencies in Making Information Available, would better serve the interests of the private sector if the consent of all affected parties, particularly the supplier of the original document, was mandated before confidential information could be released from one Agency to another. We feel that the issue of releasing raw confidential information is important enough to require this prior consent even when the receiving Agency has authority to collect data. This small change would allow the proper and necessary exchange of data among the Agencies while retaining the concept of "fair play" to the affected private sector parties.

We are grateful for the expression of legislative intent to develop additional legislation as problems are specified and solutions found.

In summary, the membership of ARMA offers its strong support to H.R. 6410, the Paperwork Reduction Act of 1980.

We respectfully request that additional recognition be given to costs incurred in records retention and to problems encountered in determining retention periods. We are hopeful that the Federal Information Locator System index will be made available to the public as an authoritative register of all public-use reports,

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recordkeeping requirements, and retention periods on at least an annual basis.

As Congressman Horton said, "The permanent structure established by this Bill would be able to pull out problems by the roots, making sure that they wouldn't reappear." We view the enactment of H.R. 6410 as a major step toward renewing public confidence in the regulatory process.

Thank you, Mr. Chairman and Members of the Subcommittee, for the opportunity to testify on behalf of the Association of Records Managers and Administrators, Inc. I will be happy to answer any questions you may have.

Mr. BROOKS. Shall we proceed with Mr. Beck. Mr. Beck?

**STATEMENT OF CARL A. BECK, PAST CHAIRMAN, BUSINESS  
ADVISORY COUNCIL ON FEDERAL REPORTS**

Mr. BECK. Thank you, Mr. Chairman. As you have suggested we would like to submit our testimony for the record and I would like to just emphasize two or three points.

Mr. BROOKS. We do not object to standard procedure.

Mr. BECK. Mr. Chairman and gentlemen of the committee. Today we are addressing something that everybody seems to be for, like motherhood, but I would like to call to your attention that it was not ever thus. For many years we have recognized that paperwork management was the stepchild of OMB and we sincerely hope that H.R. 6410 will preclude the possibility of this happening again. For decades, this function in OMB has been understaffed, as we know, and this is not to decry the excellent work that was done by many members of OMB with their very limited resources. We, therefore, are particularly encouraged by the establishment, as the bill provides, of an Office of Federal Information Policy within OMB to take this responsibility and pulling back the statistical aspects under one organization where it belongs. We of the Business Advisory Council on Federal Reports, also agree that in looking at some of the things that happened in the past the independence of the independent regulatory agencies is something that should be thought about in terms of actions in the future.

We agree with Mr. Staats that the independent regulatory agencies should have the right to override OMB disapproval of certain record-keeping and reporting requirements, but we would like to emphasize that this action not be done in camera but be done in the sunshine; in other words, that any overriding is performed in a public manner. The other point that we think is extremely important is the emphasis on upgrading the individual agency information management operations; we have long felt and long said that this is necessary. For too many years agencies have shucked their responsibility over to OMB and expected OMB to approve, or disapprove, things that they knew were wrong and shouldn't happen in terms of excessive burden of paperwork, but they haven't taken the responsibility themselves. In the same voice, we are concerned that the bill may encourage complete delegation of final authority from OMB to the agencies. We think it is important that there be limited delegation of authority and encouragement of increasing the competency and resources of individual agencies in the paperwork control area, but at the same time I think we must recognize that OMB should never be in a position of delegating final accountability. We have suggested some minor changes in wording that you perhaps have noted to clarify this somewhat and also in terms of a couple of items such as definitions and so on. What we are saying is that we are certainly strongly in favor of the bill and what we are suggesting are some revisions for clarification.

Mr. HORTON. Mr. Beck?

Mr. BECK. Yes, sir.

Mr. HORTON. First, I want to welcome you. You and the BACFR were a big help to the Paperwork Commission. I remember your contributions there. The recommendations that you made with regard to

changes in the legislation, are also helpful. We feel that we can cover them by report language, and not have to make any changes in the language itself.

Mr. BECK. There's one item that I think ought to be emphasized also, either in the report language or in a minor modification of the bill. That is the importance of public participation. If I may say so, you yourself recognize the importance of this—certainly the Paperwork Commission did. There should be more emphasis on the agency responsibility for public participation. As you know we have been in existence since 1942, and this has been our job: To make Government paperwork more meaningful and more valuable to the Government as well as less burdensome on the public. We have found that in virtually every instance, over these many years and decades, that the result has been not only a reduction of paperwork for both the Government and private sector but also a more meaningful body of resultant data in the collection agency. I think that we should be sure that this is adequately recognized also, as OMB has been doing for the past several months.

The presentation by agencies of regulatory information, proposed regulations, and rules in the Federal Register, unaccompanied by at least some indication of the potential for paperwork, recordkeeping, and reporting, tends to belie what the rules and regulations might infer. So, we would like to encourage that OMB in its implementation of this act, if it's not in the act itself, at least be encouraged to look at regulatory pronouncements or exposure for comment and recordkeeping and reporting as a package, an interrelated package, in order that the true burden can be assessed. And, one last item, Mr. Chairman, if I might. Nowhere in this bill properly does it refer to this matter and yet it is something that is frequently discussed. If I might quote Mr. Horton correctly, he said once that "we have met the enemy and it is us." I think that we need to recognize that there must be on the part of the Congress, on the part of the House and the Senate, a real recognition of their responsibility to put their input into paperwork reduction. There has been too much legislation that has been: No. 1, fuzzy and No. 2, overly restrictive. This has forced the administrative part of the Government to do things that just didn't make sense. There are now rules for the House and for the Senate and we hope that the Senate and the House will, at least, be willing to pay attention to their own rules so that they at least don't contribute unnecessarily to the burden as they have so much in the past.

Mr. BROOKS. We will take your admonition to heart. You've indicated strong approval of the H.R. 6410 provision establishing the Office of Federal Information Policy in the OMB. The OMB, on the other hand, has testified that establishment by legislation of this Office is somewhat unnecessary and perhaps inappropriate. Would you care to comment on that?

Mr. BECK. I'd be very glad to, Mr. Chairman. We have read, of course, the OMB testimony. We feel that for so many decades that the paperwork function has been a stepchild of OMB, that in the long run it will not receive the proper attention and dedication and even financial support from appropriations that are required, unless it is set up as such an office. To have it as it has been in the past purely a division—as it was the Statistical Policy Division—or as it is now, doesn't give it enough significance when the world and certainly the public is clamoring for a reduction of paperwork.

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Mr. BROOKS. Mr. Fascell. Any comments?

Mr. FASCELL. No.

Mr. BROOKS. Mr. St Germain?

Mr. ST GERMAIN. No.

Mr. BROOKS. Mr. Stangeland?

Mr. STANGELAND. No.

Mr. BROOKS. I would say that we might as well now take up H.R. 6410, the Paperwork Reduction Act of 1980. I'd like to thank, the panel. We appreciate you all being here.

Mr. BECK. Thank you. We appreciate the opportunity to testify.

Mr. BROOKS. You had some excellent statements and they were well worth presenting.

Mr. BECK. Thank you very much.

Mr. BROOKS. Did you introduce the two people with you, sir?

Mr. BECK. I am sorry. I guess I didn't do it. I apologize. Our counsel, Thomas M. Brennan of Business Advisory Council for Federal Reports and our executive director, David M. Marsh.

Mr. BROOKS. We're delighted to have you all here.

Mr. BECK. I brought them along to answer the tough questions, if there were any. Thank you, sir.

[Mr. Beck's prepared statement follows:]

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STATEMENT OF  
BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS  
BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES  
ON H.R. 6410, THE PAPERWORK REDUCTION ACT OF 1980

Mr. Chairman and Members of the Subcommittee:

My name is Carl A. Beck. I am President of the Charles Beck Machine Corporation and am a past Chairman of the Business Advisory Council on Federal Reports. I am accompanied by our Counsel, Thomas M. Brennan, and Executive Director, David M. Marsh. We appreciate the opportunity to submit this statement on H.R. 6410, the "Paperwork Reduction Act of 1980".

Historical Purpose of the Council - Paperwork Reduction

In 1942 Congress legislated the Federal Reports Act as a procedure for independent, impartial review of federal information-collection programs. To provide knowledgeable recommendations in the review process under the Act, businessmen promptly created the Business Advisory Council on Federal Reports (BACFR).

Financed entirely by business, BACFR works with the Office of Management and Budget and the General Accounting Office on forms reviewed under their respective jurisdictions. BACFR is also working directly with government officials in the various Departments and Agencies. Advice and counsel to OMB, GAO, and other government agencies on reporting forms and programs is performed primarily by business representatives who may be respondents. They are selected carefully - frequently in consultation with appropriate trade associations - on the basis of their experience and knowledge of the reporting, recordkeeping and statistical problems involved in the specific proposal. Such counsel may be provided by written comment or by face-to-face discussion during a meeting or hearing.

To help industry, government and taxpayers, BACFR has concentrated its efforts on the three R's: reporting, recordkeeping and regulation. We are pleased that our efforts have gained for the BACFR recognition by business and government as an organization with a record of accomplishment in its work:

- to improve proposed reporting requirements with emphasis on reduced reporting burden and reasonableness of the information program;
- to increase the meaningfulness and quality of government data-collection programs;
- to simplify recordkeeping requirements made necessary by reporting and regulatory programs;
- to eliminate or consolidate data requests for information available from other sources, both public and private; and
- to monitor how government uses the information being collected.

Suggestions Regarding H.R. 6410

The Council has made "Recommendations for Paperwork Management" which contain principles for improvement of organization, management and control of federal information activities. These recommendations have been favorably received by a wide range of business, legislative and government leaders knowledgeable in the area of federal reports.

We are particularly pleased to note that our recommendations and many of the provisions of H.R. 6410 are consistent.

The "Attachment to BACFR Testimony" contains detailed suggestions regarding the bill. In addition, we would like to comment on major provisions but I should like to preface my testimony with a general observation growing out of our more than three decades of a close working relationship with OMB clearance review procedures under the Federal Reports Act.

In all these years, even after its function was expanded by the Administration and the Congress to include "management", information management has been a stepchild in the OMB. The importance of this operation has for too long not been sufficiently recognized by top policy officials of OMB, and consequently, it has not been given the support and backing it warrants. As a result, it has never achieved the level of performance envisioned for it by the Federal Reports Act. Yes, some steps have been taken by the OMB toward that objective, but they have been insufficient steps.

This is not intended, in any way, to deprecate the handful of men and women who over the years have dedicated their full efforts to the best implementation of the Federal Reports Act possible under the imposed limitations of staff, appropriation, and lack of total top level support. Also we do not, in any way, want to convey the impression that the review function should be in some agency other than OMB. We, in business, if our sales operation is not being efficiently performed by our sales department do not transfer the operation to, say, our production department. We take whatever steps are necessary to beef up the department so that it performs our selling operation efficiently and effectively.

By the very same reasoning, we agree heartily with the provisions of the bill establishing an Office of Federal Information Policy within the OMB and specifying clearly its jurisdiction and responsibilities. Because of our firm agreement, we offer for your consideration certain suggestions, which as a result of our long experience, we believe will strengthen the implementing provisions of H.R. 6410.

1. H.R. 6410 is "A Bill to reduce paperwork..." I call your special attention to the inclusion of the words the "private sector" in this statement of purpose. Yet, may I point out that the bill itself incorporates minimal



utilization of a resource from the private sector highly competent to assist in attaining the stated objective. I refer, of course, to consultation with what is referred to in the bill as "interested persons" or "the public". In the countless consultations BACFR has provided to agencies over the years, we have in each case brought together persons from the business community widely knowledgeable in the subject matter of the information collection proposal. Furthermore, for a broader base of know-how, we have involved officers of state governments, educators and other specialized personnel. In virtually every instance the result has been not only a reduction of paperwork for both the government and the private sector but a more meaningful body of resultant data in the collection agency.

I have said that utilization of this resource in the bill is minimal. I must add that not only is it minimal, but every provision for such consultation is restricted. Specifically:

- In subsection 3504, public comment is ensured only in the development of rules and regulations and further restricted only to the "proposed means of collecting information".
- Under section 3508, comment by "interested persons" is restricted to the necessity of the information for proper performance of the functions of the agency and whether it has "practical utility" for the agency, both fundamentally internal government matters.
- Section 3517 appears to allow consultation with the private sector only in the case of "information policies, rules, regulations, procedures and forms" being developed by the Director in the exercise of his authority as it relates to information gathering by the various agencies.

We earnestly urge that the Director and/or the sponsoring agency should be required to (a) publish in the FEDERAL REGISTER information collection proposals

currently under review and in the case of the agencies, at a reasonably early stage of their development; (b) allow sufficient time for public comment; and (c) provide a hearing at the request of and on concern broadly expressed by potential respondents. Detailed suggestions are set forth in the Attachment to our testimony.

2. We are enthusiastic about provisions to improve and upgrade individual agency information management operations. In this connection, there are constructive suggestions in the recent reports of the General Accounting Office, "Protecting the Public from Unnecessary Federal Paperwork: Does the Control Process Work?", and the Office of Management and Budget, "Paperwork and Red Tape: - New Perspectives - New Directions". Further emphasis on agency management and planning is a part of Executive Order 12174 and the proposed revision of regulations in OMB Circular A-40. Such improvements were also advocated by the Commission on Federal Paperwork. They are implicit in Section 3506. If agencies do a thorough and effective job of internal evaluation of their information proposals, including adequate consultation with potential respondents, the workload of OMB should be considerably lessened.

3. Subsection 3505(2)(E) requires the Director to send the President and the Congress legislative proposals regarding privacy and confidentiality. Developing such proposals will be a tremendous task. Furthermore, privacy, confidentiality and disclosure of information are extremely complex and sensitive areas. Such laws, regulations and procedures are of vital interest to BACFR and must be developed in close consultation with the business community and other interested members of the public.

A related bill has been drafted by the OMB Federal Statistical System Project and is entitled "Confidentiality of Federal Statistical Records Act". In our opinion, it deserves favorable consideration.

4. We believe it is inconsistent to provide for central reports management and clearance and then allow blanket and complete delegation to agencies of the Director's power to approve proposed information collection requests [Sec.3507(e)]. Such a blanket delegation would, we believe, fragment information control and not be in the public interest. Furthermore, there is a practical and human tendency for an agency official to respect the information wishes of other officials within his agency. Whatever information an agency requests, we all know is considered by that agency to be vital to its function.

It is also difficult to see how the agency can well consider the interests and concerns of all other federal agencies to the same extent as the OMB. Only OMB can accomplish the impartial review we consider essential.

We do not favor a blanket delegation but endorse a procedure similar to that stated in Executive Order 12174, "Paperwork", and OMB proposed 5CFR 1320, "Controlling Paperwork Burdens on the Public". While we will offer suggestions on this OMB proposal, the provisions which we believe are essential to a meaningful paperwork control program are:

- Having an agency demonstrate that it has a sufficient number of qualified personnel at a high organizational level before any "modified review" agreement covering certain information collection requests is entered into between any agency and OMB. Such a modified review agreement should authorize the agency to conduct a primary review of only those information collection requests that are non-controversial and have a minimal impact on the public. Public consultation and opportunity for public hearing are critical elements of any proposal by OMB to enter into a modified review agreement with an agency. (See proposed 5CFR 1320.29.)

- A requirement that each agency submit twice a year to OMB a comprehensive Information Collection Budget (ICB) covering all contemplated information collection requests from the public in the next 12 months.
- Publication in the FEDERAL REGISTER by OMB of a calendar of all information collection requests that are of significance and are anticipated during the next 12 months. One of the purposes of publication of the calendar is to invite public comment on proposed reporting programs.
- Detailed submission by agencies to OMB for clearance review of significant proposed information collection requests with FEDERAL REGISTER notice of each such submission and ample time for public comment.

In order that they have the stature of legislative backing, we suggest that the procedures identified above be inserted in H.R. 6410 in lieu of Subsection 3507(e). We favor a strong oversight role by this Committee and the General Accounting Office.

Public participation in the development of information programs has been thwarted by lack of adequate time for comment. Without the views of affected respondents, information collected is overly burdensome and less meaningful. In any event, we vigorously urge that final accountability for reports review rest with OMB.

5. To carry out the philosophy that one hundred percent of federal reporting requirements - not just twenty-five percent - should be subject to central review, we support the revision of the definition of "Federal agency" to include all agencies. In the absence of such a provision, the chance of collection of duplicative and unduly burdensome - not to mention meaningless - data is infinitely greater. One must in candor recognize the nature of

independent regulatory agencies. Therefore, we believe they should be permitted to override OMB disapproval, provided that action is not done in camera but is performed in a "public" manner, such as through hearings or action of the agencies' Commissioners or Board, with reasons published in the FEDERAL REGISTER [See Sec.3507(b)]. We also realize there are a few instances where expedited clearance may be appropriate.

6. In the interest of avoiding unnecessary duplication, the Council views as constructive the establishment in OMB of an information locator system. We understand the recent test by six agencies produced mixed results. A report dated December 31, 1979; has just been issued by the Federal Information Locator System Task Force. The report contemplates further consideration of the proposed system by agency officials and, we are pleased to note, interested members of the public. We believe it essential that the system be cost effective.

7. Based on our strong feeling that all information management authority should be located in OMB, we favor return to that office of the Office of Federal Statistical Policy and Standards (Sec.3(a).

To recapitulate, we favor:

- Recombining the reports clearance and information management function at a much higher level and with adequate personnel in the Office of Management and Budget.
- Continuing development of an information locator system.
- Including all agencies in the form review process with a "public" veto procedure for regulatory agencies.
- Maximum opportunity for public participation in the form development and review process, both at the agency level and at OMB.
- Final accountability for approval in OMB of information collection requests.

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The Board of Governors and members of the Council wish to express appreciation for the interest in this subject shown by you and your colleagues who co-sponsored this beneficial legislation.

ATTACHMENT TO  
BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS  
TESTIMONY ON H.R. 6410  
FEBRUARY 26, 1980

Sec. 3502

We believe that consideration should be given to including definitions of two key terms used in the bill, namely, "burden" and "practical utility". To assist in developing these definitions, reference may be made to proposed subsections 1320.4(i) and (k) of the OMB proposed rule published in the FEDERAL REGISTER January 11, 1980.

Sec. 3502(2)

We recommend that "collection of information" include oral requests such as those by telephone or in person. Otherwise, these means of collection - which may be just as onerous as written requests - might be used to avoid clearance. A similar comment applies to Sec. 3502(9), "information collection request".

Sec. 3502(2) and (9)

Inclusion of recordkeeping requirements is a much needed addition to information management.

Sec. 3502(10)

"Officials and citizens" raises a question of access that may not be intended. It is assumed that there will be both governmental and non-governmental access, and that citizenship will not be a factor. Reference in Sec. 3511(b)(3)(B) is to "members of the general public", and either this expression or "person" [as defined in Sec. 3502(11)] would seem more appropriate.

Sec. 3504(a)

We suggest revision (underlined below) to read: "The Director ... including review and approval, modification or disapproval of information collection requests,

the measurement and reduction ...". We assume that the expression "other technology for managing information resources" refers to telecommunications and the Federal Information Locator System.

Sec. 3504(b)(1)

It would seem desirable to make clear that "information resources management" encompasses personnel and equipment that are necessary to control paperwork and achieve greater efficiency in government.

Sec. 3504(c)

We suggest adding to the Director's functions "consultation with public organizations and establishments in reducing the burden of reporting and recordkeeping on the public".

Sec. 3504(c)(1)

We recommend adding the following words which are underlined: "... and approving, modifying or disapproving information...".

Sec. 3504(h)(2)

Comment might well include any opinions on the validity, authority, burden, duplication and compatability with existing reporting and recordkeeping, and we therefore suggest that "information collection requests" be substituted for "means of collecting information".

Sec. 3505(1)(A)

"Major information systems" is not defined. We recommend that you consider the definitions used by the General Accounting Office in its Source Book publication, "Information Sources and Systems".

Sec. 3505(D)

"Major information holdings" is not defined. It is not clear what might be included in this responsibility beyond what is contemplated under Section 3511.



Sec. 3505(2)(A)

What are the "various information handling disciplines"? Are they the information disciplines specified in this act? Are micrographics and the use of word processing and other office machines included, for example?

Sec. 3505(2)(C)

It would appear that "information processing standards" is meant to refer to automatic data processing; if others, we think they should be specified.

Sec. 3505(2)(C)(ii)

We suggest that the meaning of "standards development program" be spelled out in the bill.

Sec. 3505(2)(D)

We recommend adding the following, underlined: "In consultation with the General Accounting Office, agencies, the Congress and the public, complete action...".

Sec. 3505(2)(E)

What is called for in this subsection represents a mammoth undertaking. As confidentiality and privacy laws, regulations and practices are of vital interest to BACFR, any proposals in these areas should be developed in close consultation with the business community and other affected members of the public. Hence, we strongly recommend a public consultation provision be included in (E).

Sec. 3506(b)

We believe it desirable to include in the report on the bill that the Congress expects that the "senior official" be provided capable personnel and other resources necessary to carry out federal agency responsibilities assigned under H.R.6410.

Sec. 3506(c)

Suggest adding a new paragraph (5) to read:

"(5) Provide an early and substantial opportunity for the public to comment on each proposed information collection request."

This suggestion is consistent with the provision for public consultation by the Director of OMB contained in Sec.3517.

Sec.3506(c)(3)

Suggest modification to read (addition underlined): "... procedures which are consistent with OMB direction under Sec.3504...".

Sec.3507(e)

Based on our apprehension over blanket delegation of clearance authority to any agency, we advocate deletion of this subsection and substitution of the procedures suggested in the main part of our testimony. If this subsection is to be retained, however, we suggest adding "and the capability" after "sufficient resources", and delegation should be prohibited where the burden is more than say one hour per respondent. The discretionary authority of the Director to review is absolute. Therefore, we think it essential that the sentence at lines 4 - 6 be amended to read as follows:

"Such delegation shall not preclude the Director, on his own initiative or on request of interested persons, from reviewing and approving, modifying or disapproving individual information collection requests."

Sec.3508

We suggest inserting after the word "approving", "modifying or disapproving". Rather than make it optional that the Administrator "may determine" and "may give", it would be preferable that the Administrator "shall determine" and "shall give". The provision for giving "interested persons an opportunity to be heard" is a very important one. We would hope that it would be liberally applied. We suggest that a minimum of 45 days be allowed, after FEDERAL REGISTER notice, for submission of comments. We also suggest adding after "... for any reason, the ...", the following: "Director shall deny the collection and the ...".

Sec. 3510

A general discussion relating to this section is contained in our testimony.

Sec. 3510(b)(1)

We suggest deleting the semi-colon and adding "in such a manner as to preclude the identification of any person;"

Sec. 3513

It would seem desirable to limit the advice and assistance of GSA to the areas in which it has authority and not include all information management activities. Of course, nothing in this section will preclude the General Accounting Office from conducting what we have found to be most useful paperwork management audits.

Sec. 3514

The Annual Report will be useful and provide the public with a concise record of performance and insight into future proposals.

Sec. 3514(a)(4)

It is recommended that the summary include the number of information collection requests approved, modified or disapproved by agency, by category of respondent.

Sec. 3517

We recommend deleting the word "forms" on line 6 and inserting in lieu thereof the words "information collection requests". After the word "Director" we suggest adding the words "and each agency".

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[Whereupon, at 10:44 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

## APPENDIXES

### APPENDIX A.—EXECUTIVE OFFICE OF THE PRESIDENT

69609

Federal Register

Vol. 44, No. 234

Tuesday, December 4, 1979

#### Presidential Documents

Title 3—

Executive Order 12174 of November 30, 1979

The President

#### Paperwork

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to establish procedures that eliminate all paperwork burdens on the public above the minimum necessary to determine and implement public policy and ensure compliance with Federal laws, it is hereby ordered as follows:

1-101. Agencies shall minimize the paperwork burden—i.e., the time and costs entailed in complying with requests for information and recordkeeping requirements—imposed on persons outside the Federal government. Forms should be used only to the extent necessary to gather the basic information required to fulfill an agency's mission. When forms must be used, they should be as short as possible and should elicit information in a simple, straightforward fashion.

1-102. Each agency shall designate an existing official to be responsible for minimizing both the agency's use of forms and the paperwork burden resulting from proposed legislation and regulations.

1-103. Agencies shall pay particular attention to the special burdens faced by individuals and small organizations in responding to requests for information. To minimize these burdens agencies should, whenever possible, forego uniform or universal reporting requirements and rely instead on sampling, reduced frequency of reporting, differing compliance standards, or exemptions.

1-104. Each agency shall prepare an annual paperwork budget, i.e., an estimate of the total number of hours required to comply with requests for information. The budget should itemize each form used, describe its purpose and identify those affected by it. The Director of the Office of Management and Budget shall review and may modify each agency's proposed budget. After the Director has approved an agency's paperwork budget, it may be increased only by the Director upon request of the head of the agency.

1-105. Forms or similar requests for information shall be reviewed within two years after their initial issuance and then at least once every five years. Following review, they should be revised or abandoned to the extent they are not required to meet an agency's basic information needs. These reviews will be conducted by the agencies, and reports of the reviews will be submitted to the Director.

1-106. The Director shall audit compliance with this Order and may issue rules and regulations necessary to implement it. The Director may issue exemptions for agencies whose use of forms is limited. The Director also shall:

(a) Seek to eliminate duplication in requests for information by establishing a Federal information locator system, which will list all the types of information collected by Federal agencies and will be available for use by all agencies. This or similar systems will not contain any information obtained from the public. The Director shall take any other steps needed to prevent duplication, including the assignment to a particular agency of lead responsibility for the collection of certain types of information.

(b) Seek to inform the public and broaden public and agency comment by preparing and publishing in the Federal Register an annual paperwork calendar of significant requests for information. This calendar will be based on the information contained in the agencies' paperwork budgets.

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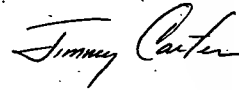
(c) Report annually to the President on implementation of this Order and control of the paperwork burden generally.

1-107. The authority vested in the Director under this Order shall not affect any authority vested in him by any other Order. This Order shall be implemented in a manner consistent with all applicable Federal statutes.

1-108. For purposes of this Order, agency means those agencies covered by Executive Order 12044.

1-109. This Order will expire on September 30, 1983.

THE WHITE HOUSE,  
November 30, 1979.



(PR Doc. 79-37358  
Filed 11-30-79; 3:53 pm)  
Billing code 5195-01-M

EDITORIAL NOTE: The President's remarks of Nov. 30, 1979, on signing Executive Order 12174, are printed in the Weekly Compilation of Presidential Documents (vol. 15, no. 48).

PAPERWORK REDUCTION ANNOUNCEMENT

FACT SHEET

The President's Paperwork Message summarizes paperwork reduction progress since 1977, and announces new measures to reduce paperwork and red tape.

I. Actions Taken So Far

- 1) Total time spent by the public filling out Federal forms was reduced from 913 million hours per year in January 1977 to 786 million hours per year in 1979. Paperwork in the agencies subject to the President's Paperwork Reduction Program was cut by 15 percent.
- 2) Of the 520 recommendations of the Commission on Federal Paperwork, 269 have been implemented, 171 are under active consideration, and 80 have been rejected. The Commission issued its final report in October 1977. OMB expects action on all recommendations to be completed by March 1980.

OMB has established a new division to oversee the Federal Government's efforts in paperwork reduction and regulatory reform.

II. Initiatives Announced Today

A. Executive Order on Paperwork

The President has signed an Executive Order covering paperwork imposed on the public by all departments and agencies except the independent regulatory agencies. The Order has six major elements:

1) Paperwork Budget

OMB will administer a budget to control the total burden that agencies may impose on the public. Each agency will submit an annual plan for future requirements for information from the public, including an estimate of the number of hours required to fill out all its forms. OMB may agree with the plan or order the total reduced. This budget will ensure that agencies fully consider the paperwork burden on the public before imposing new reporting requirements.

2) Information Locator System

The Executive Order initiates a government-wide Federal Information Locator System. This System will contain profiles of all Federal agencies' requests for information. Before issuing a new form, each agency will be required to check and see if another agency is already gathering the data. The system will not include the information actually provided by respondents; only the questions asked.

3) Special Consideration for Small Organizations

Agencies are required to seek ways to reduce the paperwork burden on those least able to bear it--such as individuals, small units of government, and small businesses. For example, agencies will be required to consider shorter or less frequent reports or exemptions for small organizations.

4) "Sunset"

To weed out needless reports, new reporting requirements will only be authorized for two years. Existing reporting requirements will terminate after five years. A new approval by OMB will be required if reports are required beyond the "sunset" date.

5) Public Participation

The Executive Order mandates that paperwork requirements must be developed in consultation with those who will be affected. Public notice and hearings will be required on all significant reports. Agencies will seek comments on individual reports that impose significant burdens.

B. Paperwork Reduction Legislation

The President called for legislation to strengthen controls over Federal paperwork and endorsed the efforts of Senator Lawton Chiles and Congressmen Jack Brooks and Frank Horton to accomplish these goals:



1) Stronger Oversight

Under the Federal Reports Act, OMB approves or rejects proposed forms from many agencies, but wide loopholes in this authority mean that OMB oversees only 19 percent of total Federal paperwork. Clearance authority for the independent regulatory commissions and the Office of Surface Mining should be transferred from GAO to OMB. Loopholes involving tax, banking, education, and health manpower forms should be closed to provide central oversight in OMB for all Federal information requirements.

2) Information Locator System

This System should be made permanent through statute.

3) Enforcement of Clearance Procedures

The public should be allowed to disregard a form, if OMB does not approve it. Adverse action against members of the public who refuse to fill out such unapproved forms should be prohibited.

4) Review of Agency Programs

OMB should be mandated by law to review, at least once every three years, each agency's information management and paperwork reduction activities. OMB should be authorized and required to set target goals for reduction of the number of information collection requests and the burden they impose on the public.

5) Designation of Central Collection Agency

OMB should be authorized to designate one agency to collect information for several agencies, thereby eliminating duplicative reports.

6) Strengthening the Management of Information Technology

The Government's use of information should be improved by requiring strengthened management of upgraded information technology, to ensure better use of the data generated by federal information requirements levied on the public and to reduce overlap, duplication and waste.

7) Confidentiality and Sharing of Statistical Data

OMB has just completed a study of the Federal Statistical System. Two recommendations of the study should be included in the legislation:

a) Confidentiality

Persons who provide data for statistical purposes to Federal agencies should be assured, by statute, of the confidentiality of their responses. Such confidentiality statutes now apply only to the Bureau of the Census and the National Center for Health Statistics.

Currently, the confidentiality of the statistical data compiled by other agencies is protected by government regulation. Statutory criminal penalties for government employees who disclose individually identifiable information would strengthen the assurance of confidentiality and encourage voluntary cooperation with statistical data collection efforts.

b) Sharing

A strong statutory basis for the promise of confidentiality would permit the limited sharing of records between statistical agencies. Legislation should authorize such sharing, which will reduce duplicative data collection and make more effective use of statistical data, upon the demonstration of major need and sufficient protection for the records.

C. Congressional Reports Elimination Act of 1979

The Administration is proposing legislation that will eliminate 140 reports currently required by law to be submitted to Congress and will consolidate or simplify an additional 84 reports. These reports are considered no longer necessary, duplicative of other information provided to Congress, or otherwise in need of change. In addition to these reports, Federal agencies are taking administrative action to eliminate another 53 reports to Congress that are not formally required by law. These eliminations and changes in reports to Congress will save at least \$5.5 million annually.

D. Selected Paperwork Reduction Actions

The President announced a significant reduction in paperwork on the public and state governments resulting from the consolidation of three reports relating to the welfare, medicaid and food stamp programs. Previously, each program had its own quality control efforts which resulted in duplication and unnecessary reporting burdens on state welfare agencies and the poor. Fifteen states have now adopted a uniform quality control methodology and combined reporting forms, steps that have resulted in a saving this year of 150,000 hours. When the program is adopted in all states, annual saving of a half million hours and \$10 million will result.

Other recent examples of Administration actions to reduce paperwork include:

- 1) The burden of the National Institutes of Health research grant application was reduced in August by eliminating certain requirements and limiting the amount of information required on research plans, resulting in a reduction in reporting of 140,000 hours.
- 2) Application and other reporting requirements levied on Community Mental Health Centers were reduced 86 percent by reducing the frequency of reporting and the amount of information required. This is a reduction of nearly 60,000 hours annually for the approximately 500 grantees participating in the program.
- 3) ACTION accomplished a 52 percent reduction (235,000 hours) in its reporting burden on the public over the last nine months. This was achieved by bringing its grant reporting requirements into compliance with OMB directives on grant applications for state and local governments and by reducing the number of references necessary for an applicant to become an ACTION volunteer.
- 4) The Internal Revenue Service will revise the Employer's Annual Federal Unemployment Tax Return form for 1979. The revised form will reduce by 50 percent the number of items and data elements that many firms must complete. The use of the simpler form, which must be filed by more than 4 million employers, will reduce this particular reporting burden by 2-1/2 million hours annually.

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*PRES MESSAGE  
FINAL DRAFT*

TO THE CONGRESS OF THE UNITED STATES:

In the last two and one-half years, we have made real progress in slashing the paperwork burden that government imposes on the public. I am announcing today a new program to expand and accelerate this progress.

I have signed an Executive Order on paperwork reduction, and I am calling on Congress to enact two pieces of legislation. Together, these measures will help us eliminate needless forms, cut duplication, streamline the forms we need, and strengthen central oversight of all Federal paperwork.

Government efficiency is a central theme of my Administration. We must eliminate needless burdens on the public and spend its hard-earned tax money with great care if we are to restore confidence in government as an instrument to serve public needs. We have made substantial progress in this area, through regulatory reform, civil service reform, reorganization, and other initiatives. Paperwork reduction is an important part of this program.

Some Federal paperwork is needed. The government must collect information to enforce the civil rights laws, compile economic statistics, design sound regulations, and for many other purposes. In recent years, however, government forms, surveys and interviews have mushroomed. Much of this paperwork is unnecessary or duplicates information being collected elsewhere. Time spent filling out unnecessary forms is time lost for productive activities, so we owe it to the public to carefully control paperwork requirements.

My Administration has stopped the paperwork surge and started cutting this burden down to size. We have reduced the amount of time

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Americans spend filling out Federal forms by almost 15% -- 172 million hours or the equivalent of 75,000 people working full-time for a year. We have evaluated the 520 recommendations of the Paperwork Commission and have already implemented more than half of them. Examples of actions we have taken include: IRS made it possible for five million taxpayers to switch from the long tax form to the short one; OSHA exempted 40,000 small businesses from reporting requirements; the ICC sliced a 70-page report required from 13,000 carriers down to 8 pages; and Labor and Treasury slashed the paperwork burden that was crushing pension plans.

I am announcing another of these cuts today. State officials currently survey beneficiaries of various welfare programs with three overlapping reports, totally 33 pages. We are merging them into a single, 15-page report -- saving the states a total of 500,000 hours and \$10 million per year.

The progress has been substantial, but we must do more. Most paperwork requirements stem from statutes, and new legislation is creating new requirements in energy, environmental protection, and other programs. To continue our success, we need the broad management program I am announcing today.

The Executive Order I have signed establishes strong management tools for the Executive agencies. It creates a "paperwork budget." Each agency will submit an annual estimate of the numbers of hours required to fill out all its forms, and OMB will hold agencies to that total or order it cut. This process will work like the spending budget to give agencies incentives to set priorities and to eliminate or streamline burdensome forms.

The Order creates a Federal Information Locator System, which will list all the types of information collected by Federal agencies.

Before an agency collects information, it will check in this System to see if another agency already has the data.

The Order also requires agencies to consider the special problems of small organizations. Data gathering that may be easy for a corporation with computerized records may be very costly for a small businessman who keeps records by hand and must work weekends to complete the forms. Although some reports must be universal and uniform, many agencies can meet their information needs while providing exemptions or less burdensome reports for small businesses. Some agencies already have started doing so; the Executive Order requires all agencies to consider this approach for each form. Senator John Culver deserves credit for leading in the development of this concept.

Finally, the Order mandates a "sunset" process. No Federal program should continue indefinitely without review. I am supporting legislation to provide sunset reviews for spending programs, and my regulatory reform bill requires agencies to overhaul existing regulations. The paperwork Executive Order requires that each form terminate every five years unless a new, conscious decision is made to continue it.

We also need legislation to build a complete paperwork control program and extend it to all agencies. Representatives Jack Brooks and Frank Horton and Senator Lawton Chiles have taken the lead in developing a Paperwork Reduction Act which will strengthen and unify paperwork oversight. The existing Federal Reports Act gives OMB the power to disapprove many agencies' forms, but the

independent regulatory commissions are reviewed by the General Accounting Office, and tax, education, and health manpower programs have no central review at all. These loopholes represent 81% of the total paperwork burden. (Tax forms are 73%.) The legislation will close these loopholes, providing central oversight for all forms. To strengthen the clearance process, the bill will allow members of the public to refuse to fill out forms that have not been properly cleared.

The legislation being developed will also provide strong tools to cut duplication. When several agencies want to collect overlapping data, the bill will empower OMB to assign one agency to do the job. It will also deal with the special problems of statistical systems. One cause of duplication is that agencies collect statistical data under pledges of confidentiality which hamper sharing. The bill will authorize sharing while strengthening safeguards to ensure the data is used only for statistical purposes and never to abuse personal privacy. These provisions will also help us strengthen our Federal statistical systems, which are crucial to economic policymaking.

While controlling the paperwork imposed on the public, we must also hold down the paperwork in the Government itself. *(Cutting?) on help* I am, therefore, submitting to Congress the Reports Elimination Act of 1979. This bill, together with administrative action we are taking now, will eliminate or simplify 278 annual reports written by agencies, saving at least \$5.5 million per year.

This overall program has been developed in a cooperative effort with the leaders of the Senate Governmental Affairs and House

Government Operations Committees. Working together, we will continue the progress on cutting away red tape. I urge the Congress to act promptly on the two bills I have discussed. .



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EMBARGOED FOR RELEASE  
AT 10:45 AM EST

NOVEMBER 30, 1979

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In the past two and one half years, my Administration has achieved real progress in cutting the paperwork burden government imposes on the public. Today I am announcing steps to expand and accelerate that effort.

I have today signed an Executive Order on paperwork reduction. I am also calling on the Congress to enact two bills which will help eliminate needless forms, cut duplication, streamline those forms which are necessary and strengthen central oversight of Federal paperwork.

Government efficiency is a central theme of my Administration. If we are to restore confidence in government, we must eliminate needless burdens on the public. We have pursued this goal through regulatory reform, civil service reform, reorganization, and other initiatives. Paperwork reduction is an important part of this program.

Some Federal paperwork is needed. The government must collect information to enforce the civil rights laws, compile economic statistics, design sound regulations, and for many other purposes. In recent years, however, government forms, surveys and interviews have mushroomed. Much of this paperwork is unnecessary or duplicates information being collected elsewhere.

My Administration has stopped the paperwork surge and started cutting this burden down to size. We have reduced the amount of time Americans spend filling out Federal forms by almost 15% -- 127 million hours. That is the equivalent of 75,000 people working full-time for a year. We have evaluated the 520 recommendations of the Paperwork Commission and have already implemented more than half of them.

The Internal Revenue Service made it possible, for example, for five million taxpayers to switch from the long tax form to the short one. The Occupational Safety and Health Administration exempted 40,000 small businesses from reporting requirements. The Interstate Commerce Commission sliced a 70-page report required from 13,000 carriers down to 8 pages. The Labor and Treasury Departments slashed the paperwork burden that was crushing the small pension plans. I am today announcing that we are consolidating three reports required from the States on welfare and food stamp programs; this will eventually save 500,000 hours and \$10 million per year.

The progress in cutting Federal paperwork has been substantial, but we must do more. Congress is enacting new requirements in energy, environmental protection, and other programs that will add to the paperwork burden. To continue our success in eliminating Federal paperwork, we need the broad management program I am announcing today.

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The Executive Order I have signed establishes strong management tools for the Executive agencies. First of all, it creates a ~~paperwork budget~~. Each agency will submit an annual estimate of the numbers of hours required to fill out all its forms. The Office of Management and Budget will then hold agencies to that total or order it cut. The process will be similar to the spending budget; it will give agencies incentives to set priorities and to eliminate or streamline burdensome forms.

The Order creates a Federal Information Locator System, which will list all the types of information collected by Federal agencies. Before an agency collects information, it will check in this System to see if another agency already has the data.

The Order also requires agencies to consider the special paperwork problems of small organizations and small businesses. Data gathering that may be easy for a corporation with computerized records may be very costly for a small business person who keeps records by hand. Some reports must necessarily be universal and uniform, but in many cases agencies can meet their information needs while providing exemptions or less burdensome reports for small businesses. Some agencies already have started doing so. The Executive Order requires all agencies to review each form to identify those cases where small organizations can be exempted or given simpler forms. Senator John Culver deserves credit for leading the development of this concept of special consideration for small organizations.

Finally, ~~the Order mandates a "sunset" process~~. This process will be similar to the legislation I am supporting to mandate sunset reviews for regulations, spending programs, and tax expenditures. ~~The Paperwork Order requires that each form terminate every five years unless a new decision is made to continue it.~~

We also need ~~legislation to build a complete paperwork control program and extend it to all agencies~~. Representatives Jack Brooks, Frank Horton, and Tom Steed and Senator Lawton Chiles have taken the lead in developing a Paperwork Reduction Act which will strengthen and unify existing paperwork oversight. The Federal Reports Act is insufficient in this regard. It gives OMB power to disapprove many agencies' forms, but the independent regulatory commissions are reviewed by the General Accounting Office and tax, education, and health manpower programs have no central review at all. These loopholes represent 81% of the total paperwork burden, of which tax forms are 73%.

This legislation will close these loopholes, providing central oversight for all forms. It also strengthens the paperwork clearance process by allowing members of the public to refuse to fill out forms that have not been properly cleared.

The legislation will provide additional tools to cut duplication in paperwork requirements. When several agencies want to collect overlapping data, the bill will empower the OMB to assign one agency to do the job. The bill will also deal with the special problems of statistical systems. One cause of duplication is that agencies collect statistical data under pledges of confidentiality, and these pledges hamper sharing the data. The bill will authorize such sharing while strengthening safeguards to ensure the data is used only for statistical purposes and never to abuse personal privacy. These provisions will also strengthen our Federal statistical systems, which are crucial to economic and other policymaking.

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While controlling the paperwork imposed on the public, we must also hold down paperwork within the Government itself. I am therefore submitting to the Congress the Reports Elimination Act of 1979. This bill, together with administrative action we are taking now, will eliminate or simplify 278 annual agency reports, saving at least \$5.5 million per year.

This overall paperwork reduction program has been developed in a cooperative effort with the leaders of the Senate Governmental Affairs and House Government Operations Committees. Working together, we will continue the progress on cutting away red tape.

I urge the Congress to act promptly on the two bills I have discussed.

JIMMY CARTER

THE WHITE HOUSE,  
November 30, 1979.

# # # # #

## APPENDIX B.—OFFICE OF MANAGEMENT AND BUDGET

3/14/80

### POTENTIAL COST SAVINGS UNDER HR 6410

OMB has supported HR 6410 because its concept of integrated, life-cycle, information management has a significant potential for cost savings. Improving and strengthening all facets of information management, including the collection, storage, utilization, manipulation, transmission, and dissemination of Federal information, is the principle goal of HR 6410. More specifically, this Bill has five principle objectives:

1. Improving the coordination and integration of Federal information policies and practices.
2. Ensuring that needed information is obtained from the public with the minimum burden.
3. Maintaining information in a manner to maximum its usefulness.
4. Ensuring that the Privacy Act is properly applied to Federal Information.
5. Acquiring and utilizing ADP and telecommunications systems in a cost effective manner.

Since any future improvements in information management are merely speculative, it is not possible to state that any particular cost savings will be achieved under HR 6410. However, it is also clear that cost savings in the order of many millions of dollars per year are not only possible, but also realistic, under the management improvements which HR 6410 can bring about. Some cost savings estimates have been compiled for paperwork, telecommunications and ADP to provide some illustrations of the possibilities.

#### Reduction of Paperwork Burden

Both through reports control and through limitations on excessive regulation, the paperwork burden can be reduced for the public. Reductions of this paperwork burden under the provisions HR 6410 can achieve very significant savings. OMB has estimated that if these provisions can produce a three percent reduction in compliance costs to the public for filling out forms, an annual savings of over \$200 million per year could be expected. These savings do not seem unrealistic when we consider that OMB estimates that the public's time costs of current reporting burdens are almost \$8 billion per year, and the Federal Paperwork Commission estimated that the total costs of Federal paperwork is more than \$100 billion per year.

Telecommunications

Strengthened management of telecommunications systems through provisions in HR 6410 have a significant cost savings potential. Three recent GAO reports indicate some possible areas which are ripe for improvements and their potential cost savings.

- A GAO report (LCD-80-9, November 14, 1979) found that significant savings and improved operations can be achieved by consolidating and modernizing the Government's local telephone services:
  - Twelve Federal departments and agencies spend at least \$219 million annually for local telephone services.
  - Four geographic areas studied in detail indicated a potential cost savings of \$1.4 million total through consolidation and modernization referenced upon total annual operating costs for existing system of \$16.3 million.
- In a GAO review of Defense Communications cost (LCD-77-10, December 14, 1977) review of 550 specific circuits costing over \$5.6 million annually are candidates for elimination, re-configuration, more economical service, or integration into common-user networks.
- A GAO report (LCD-78-105, December 1977) found that an alternative design for DOD secure voice telephone systems could save \$300 million over 20 years.

ADP

Improved ADP management through HR 6410 provisions, also, may bring about significant cost savings. For example, if a 5% reduction in annual ADP operating costs could be achieved through replacement of obsolete systems, increased sharing, improved software conversion, and other management initiatives, an annual cost savings of \$47 million would result.

Another perspective related to potential ADP savings can be gained by examining some current initiatives in ADP management and the resulting cost savings.

- The use of electronic funds transfer by the Department of the Treasury has resulted in significant interest savings by permitting faster deposits of receipts from the sale of gold, foreign military sales, and similar transactions. These savings totalled \$18 million in FY 77, \$26 million in FY 78, and \$60 million in FY 79. The savings are expected to reach at least \$350 million between FY 80 and FY 84.

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- The Defense Logistics Agency is in the process of consolidating its payroll, cost and personnel systems from nine geographic sites into one. After consolidation, DLA will use remote computer terminals to provide up-to-date information to DLA centers, depots and all Contract Administration Service Regions and Offices. Beginning in FY 1981, the consolidation effort will produce savings in personnel, equipment and supplies of approximately \$1.4 million annually.
- The National Aeronautics and Space Administration has installed an automated Utility Control System at nine centers where automation of heating, ventilation, and air-conditioning could reduce energy consumption. NASA is projecting \$12 million in energy savings and \$3 million in manpower savings from this system for the period 1981-85.

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 3, 1980

Honorable Jack Brooks  
Chairman, Committee on  
Government Operations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In conjunction with the markup of H.R. 6410, The Paperwork Reduction Act of 1980, I believe it would be helpful for the Committee to have available a fuller explanation of the Administration's views regarding the proposed location of the statistical policy coordination function within the Executive Branch.

The basic authority for statistical policy coordination is contained in section 103 of the Budget and Accounting Procedures Act of 1950. The Act requires the President "to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies in the Executive Branch of the Government."

The Federal statistical system is large and decentralized, comprising more than 29,000 employees in 90 statistical units. Because these producing agencies are subject to multiple channels of line management, the coordinating function is extremely important. The responsibilities of the coordinating function include:

- o Fostering communication and negotiation among the many users and producers of statistical information, including helping to translate policy issues into statistical information needs;
- o Coordinating related statistical programs in different agencies to help assure they are developed as consistent components of the whole;
- o Identifying gaps in the base of statistical information and establishing priorities among defined needs;
- o Prescribing the methodological and technical standards for statistical programs; and

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- o Developing and enforcing regulations to assure the objectivity and credibility of statistical information.

The coordinating function was assigned to the Office of Management and Budget (and its predecessor, the Bureau of the Budget) until 1977, when it was transferred to the Department of Commerce. We strongly believe that the function should remain outside of OMB, and should not be absorbed within an organization devoted to paperwork reduction and information resource management.

Our reasons for this position fall into two categories.

1. If it is to be effective, statistical policy coordination and oversight is an important, demanding, and time-consuming function. As such, it would distract the OMB officials concerned with regulatory and information policy issues and, in my view, interfere with the effective execution of both the objectives of H.R. 6410 and the directives that the President has given OMB to reduce the burden of regulations and paperwork upon the public.

2. The importance of statistical policy issues has grown so great in the past several years as to merit significant and separate emphasis. The number and size of grant programs driven by statistical grant programs, for example, has grown markedly. In fiscal year 1980, more than \$29 billion in CETA, revenue sharing, elementary and secondary education, AFDC and community block grants was allocated according to data for just six statistical series. In the larger context of economic policy, the effect of statistical series upon inflation is a matter of real concern. In our view, these policy issues should be addressed, negotiated, and resolved in an environment separate from the responsibilities of OMB for reducing the regulatory and paperwork burden upon the public. Indeed, it was for this reason that the President approved the transfer of the statistical policy function from OMB to the Department of Commerce effective October 1977. data  
??

Also in 1977, the President directed the Reorganization Project staff in OMB to perform a comprehensive review of the organization of the Federal statistical system. In a memorandum concerning the study dated May 11, 1978, to the heads of departments and agencies, the President cited his concern with "a number of persistent problems . . . (that) indicate a pressing need to improve the coordination of Federal statistical activities, which are growing at an increasing rate."

The study directed by the President was concluded within the past two months. Its recommendation, endorsed by a distinguished and experienced group of advisers (whose names are enclosed), was



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that the statistical policy function remain separate from OMB and be enhanced by the establishment of an Office of Statistical Policy within the Executive Office of the President. The President has approved that recommendation and directed that it be implemented. As you know from Harrison Wellford's February 29, 1980, letter to you, we have discussed with the Committee the possibility of implementing the President's decision through the use of a reorganization plan.

We will, of course, continue to work with you and the Committee in addressing these concerns with statistical policy functions. We believe, however, that combining the statistical policy function in the same organization with responsibilities for improving the government's information resource management, reducing the paperwork burden and making the Federal regulatory programs more effective will either submerge important statistical issues or drive out other functions. For this reason, we strongly urge the deletion of Sec. 3504(d) from H.R. 6410.

Sincerely,



Wayne G. Gracovist  
Associate Director for  
Management and Regulatory Policy

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Enclosure

Membership of the Statistical Reorganization Project Advisory Committee

Vincent Barabba, Rochester, New York. Then Director of Marketing Research for Xerox Corporation. Now Director of the Bureau of the Census.

Richard Ruggles, Professor of Economics, Yale University.

William Shaw, retired Vice President of DuPont Company, former Assistant Secretary of Commerce for Economic Affairs 1966-68.

Eleanor Sheldon, President of the Social Science Research Council.

Graham Allison, Dean of the Kennedy School of Government at Harvard University.

Patrick Caddell, President of Cambridge Survey Research.

William Kruskal, Statistician and Dean of Social Science, University of Chicago.

Phyllis Wallace, Professor of Economics at the Massachusetts Institute of Technology.

James Bonnen, Professor at the Michigan State University, served as Director of the project staff.

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February 26, 1980

Honorable Jack Brooks  
Chairman, Committee on Government  
Operations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

When I testified before you on February 21, 1980, I requested the opportunity to submit additional comments on H.R. 6410. Enclosed are those changes which I believe the committee should consider as they mark up the bill. The changes include both those I discussed in my testimony and some additional technical amendments.

I enjoyed meeting with you last Thursday and stand ready to assist you or your staff in moving ahead on this legislation.

Sincerely,

*John W. Nicholas for*

Wayne G. Granquist  
Associate Director for  
Management and Regulatory Policy

Enclosure

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H.R. 6410 - PAPERWORK REDUCTION ACT OF 1980  
PROPOSED OMB AMENDMENTS

SECTION	PAGE/LINE	CHANGE/REASON
3501	2/12	Delete "disseminated." A requirement to disseminate information at minimum cost to the government will result in hardships to the public, private companies, libraries, farmers, and others who rely on free or inexpensive government information.
3503	6/15-25	The language of this section should be amended to reflect the current OMB reorganization, combining regulatory and information policy under a single Assistant Director.
3504	7/6-7	Delete "Federal Statistical Activities." As pointed out in testimony, we believe the uniqueness of statistical policy issues requires special expertise and an independent oversight, apart from that provided by OMB. The President is considering options for organizational placement of statistical policy. It is inappropriate to limit his options unnecessarily.
	9/5-21	Delete entire section on statistical policy functions for same reasons as above.
	10/5-8	Delete entire paragraph as redundant; responsibility for assuring agency compliance with policies has already been assigned to the Director by 3504(b)(5) on page 8, lines 6-9.
	10/16-17	Delete "of and promulgating" and substitute "and promulgation of." The Director should have flexibility to let other agencies promulgate policies under OMB direction. This change will provide that flexibility.
	11/1-3	Delete entire paragraph as redundant. Responsibility for assuring agency compliance with policies has already been assigned to the Director by 3504(b)(5) on page 8, lines 6-9.
3504	11/6	Delete "standards." Responsibility for establishing standards has been assigned to organizations which have the technical expertise such as the National Bureau of Standards and the National Communications System. OMB should oversee, but not establish, standards.

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SECTION	PAGE/LINE	CHANGE/REASON
3505	11/12-17	Delete entire paragraph as redundant. Responsibility for assuring agency compliance with policies is already assigned to the Director by (3504(b)(5) on page 8, line 6-9. Review of GSA determinations already assigned OMB by P.L. 89-306.
	13/8	Delete "standards and requirements" and substitute "a schedule." As stated in our testimony, OMB should not establish audit standards since other agencies have both the expertise and responsibility to do so. OMB will utilize existing audit standards when requiring agency audits.
	13/18-23	Move to page 15, after line 11. We believe it would be premature to plan to augment the FLS the same year it is established. Experience in operating the system is desirable before expanding it.
	14/22-25 15/1-3	Delete entire paragraph. The specificity of the paragraph is inconsistent with the rest of the bill. Efforts are already underway to revitalize the standards program and significant progress has already been made. We also believe it is premature to conclude that standards development can or should be separated from technical assistance.
3506	15/20	Insert "officials" between "official" and "who." Some agencies may find it extremely difficult to appoint only one official to carry out all the responsibilities of H.R. 6410.
3513	23/14-25 24/1-14	H.R. 6410 already assigns OMB responsibility to oversee and review agency activities. As pointed out in OMB testimony, it is inappropriate, and would require significant resources, to have OMB do inspections. In addition,

requiring OMB to both do inspections and report the findings to Congress would create an untenable conflict of interest. Section should be amended to require only OMB oversight.

Delete all of paragraph after phrase "...necessary for this purpose." While we support the requirement for an annual report to Congress, we believe that a report covering all these items will require significant resources each year and is unnecessarily inflexible. It would be preferable to provide guidance on subject matter for the report in the Committee print. Congress and OMB should be afforded flexibility to modify the report each year to address major areas of interest.

Modify section to conform to changes in Section 3513 (pp 23-24) requested above.

Delete all lines to reflect removal of statistical policy functions from OMB as requested in section 3504, pages 7 and 9.

Insert a provision deleting the requirements in the Privacy Act of 1974 for OMB to prepare an annual report. The same information can be included in the report required under Section 3514 of this Title.

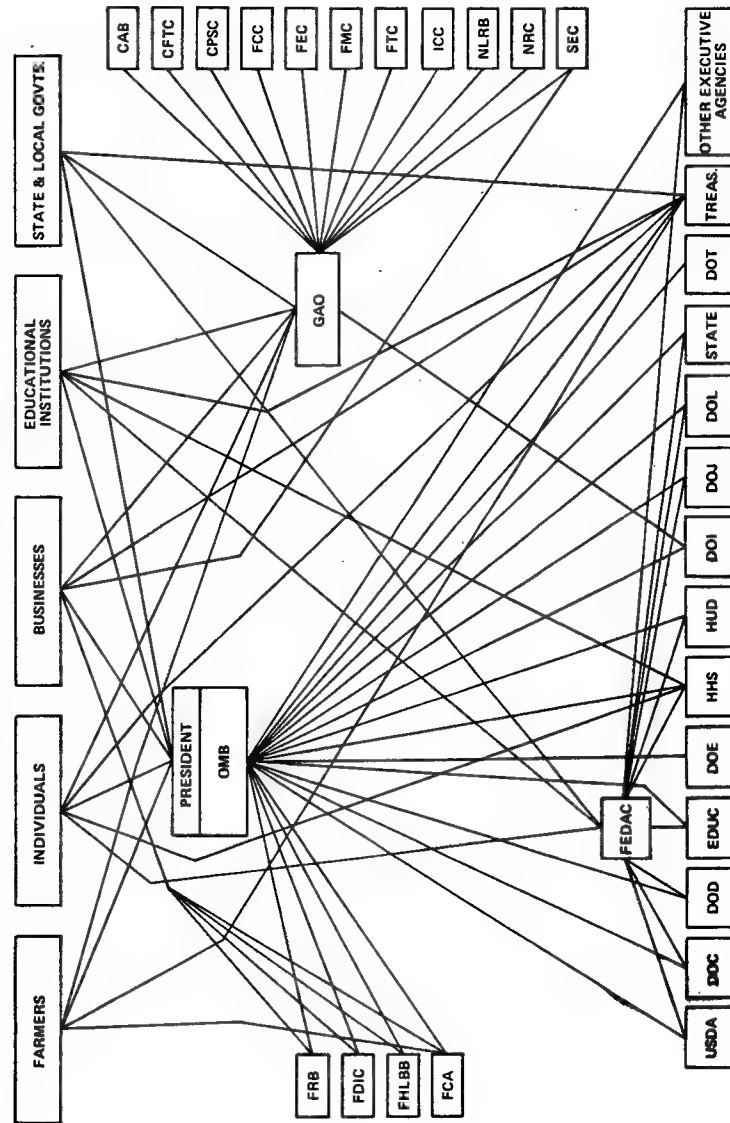
3514 24/21-25  
25/1-24  
26/1-12

3520 28/13-23

29/10-14

30/after line 6

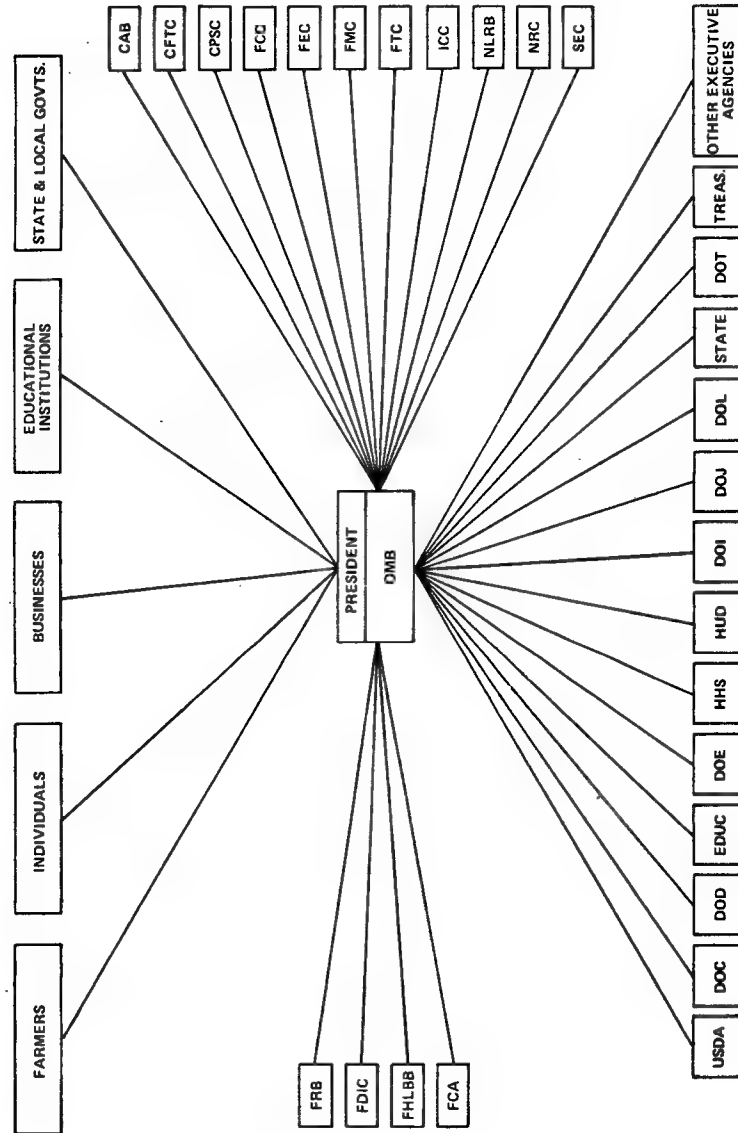
# MANAGEMENT OF FEDERAL PAPERWORK



Source: Office of Management and Budget

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# REFORMED MANAGEMENT OF FEDERAL PAPERWORK



Source: Office of Management and Budget



APPENDIX C.—PRESIDENT'S REORGANIZATION  
PROJECT



PRESIDENT'S  
REORGANIZATION  
PROJECT

WASHINGTON, D.C. 20503

APR 23 1979

Mr. Wayne G. Granquist  
Associate Director for Management and  
Regulatory Policy  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Granquist:

Enclosed is our final report for the Federal Data Processing  
Reorganization Project to be forwarded through Mr. McIntyre to  
President Carter.

We understand that you will use this document and the ten Study  
Team reports as a basis for producing a Presidential Decision  
Memorandum which we hope will elicit the Presidential initiative  
needed to bring about the changes we are recommending. To further  
assist you in this effort, we plan to submit a proposed draft of  
a Presidential Decision Memorandum within the next few days.

We applaud your current efforts to bring about a "managerial  
cohesiveness" of OMB, GSA, and DOC in their leadership roles  
related to managing Information Technology Resources. We hope that  
you will call on us if we are needed.

Sincerely yours,

*Alton P. Jensen*  
Alton P. Jensen

*E. L. Dreeman*  
E. L. Dreeman

*Blasdel A. Reardon*  
Blasdel A. Reardon

Enclosure

EXECUTIVE OFFICE OF THE PRESIDENT • OFFICE OF MANAGEMENT AND BUDGET

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PRESIDENT'S  
REORGANIZATION  
PROJECT

WASHINGTON, D.C. 20533

April 5, 1979

MEMORANDUM

TO: Project Members, PRP/FDP  
FROM: A.P. *John* Jensen, B. Reardon, E.L. *Greene* Freeman  
SUBJECT: Final Summary Report

The enclosed copy of the final report reflects a number of comments received relative to the last draft copy and is improved by them. We realize that further improvement to the report might be possible, but the time has come to formally submit our recommendations in order to stimulate the actions for which we are calling.

It is our understanding that this report as it stands will be transmitted through the OMB to the President. With this document, the President will receive a PDM written by the OMB with our cooperation and input. Those of you who wish to go on record regarding some aspect of the report should do so promptly by letter to the OMB.

Once again, thank you for the support you have given us.

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PRESIDENT'S  
REORGANIZATION  
PROJECT

INFORMATION TECHNOLOGY AND GOVERNMENTAL REORGANIZATION

Summary  
of  
The Federal Data Processing Reorganization Project

April 1979

ACKNOWLEDGMENT

An impossibly long list would be required to acknowledge individually all the persons and organizations, both inside and outside Government, that have, in either official or unofficial capacities, contributed their ideas and their time to the work of this project. Although a detailed listing of individual acknowledgments has been omitted here for practical reasons, we would like to emphasize that the recommendations contained in this report have not been produced in a vacuum, nor are they all new; in fact, in many cases these same recommendations were first suggested by persons now in Government service, or are contained in reports of previous studies.

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# I. INTRODUCTION

## Background and Purpose of the Study

The Federal Data Processing component of the President's Reorganization Project, with a membership comprised of 55 outstanding computer professionals selected from both the public and private sectors, was initiated to examine the ways in which the Federal Government acquires, manages, and uses data processing technology and to make recommendations that will help the Government (1) improve the delivery of services through the effective application of computer and related telecommunications technology; (2) improve the application and management of the relevant resources; (3) eliminate duplication and overlap in agency jurisdiction relative to computer issues; and (4) improve the productivity of the Federal data processing work force.

As the work of the project matured, the group chose to adopt the term "information technology" as the primary descriptor for the object of its study, deciding that the term "data processing" — a phrase traditionally associated with administrative record keeping — does not adequately reflect the rapid and important convergence of the computer and the communications technologies. The work was carried out through ten independent study teams: Human Resources Team, National Security Team, Small Users Team, General Government Team, Science and Technology Team, Acquisition Team, Operational Management Team, Standards Team, Personnel Team, and the Central Agencies Team. During the course of the study, an extensive review was made of all pertinent Executive orders, policy statements, records of hearings, and other legislative and administrative documents, and hundreds of interviews were conducted with information technology and management experts throughout the Nation. As a result of this broad review of the use and management of information technology within the Federal Government, the members of the Federal Data Processing Reorganization Project developed the sets of findings, conclusions and recommendations contained in the individual reports of the ten study teams. (Copies of the ten study team reports may be obtained from the National Technical Information Service.)

At that point, it was agreed that a report which presented an expression of common agreement was needed. To seek and identify this expression of agreement, a leadership group was appointed and a period of consensus-seeking meetings, report drafts, telephone conferences, and interpersonal communications was initiated. During that period, every effort was made to give each study participant a voice in this final report.

A more detailed statement of study methodology and individual team report summaries are presented in the Appendix. Readers interested in the details leading to the conclusions and recommendations presented herein are encouraged to review individual team reports.

Study Findings

The summarized recommendations of this study as presented in Section II of the report are based on the following study findings:

- \* The Federal Government is irreversibly and increasingly committed to the use of information technology to manage its resources, provide its services, and protect its citizens.
- \* Information technology can be an effective means of reducing the costs of Government, and may be the only means of expanding governmental services without increasing budgets.
- \* Accelerated development of, and commitment to, information technology, though not a goal in and of itself, is a means by which an information-intensive society may be able to achieve its objectives.
- \* The Federal Government is, in general, mismanaging its information technology resources and has not developed a plan for exploiting the opportunities of the future with respect to investment, service delivery, protection of citizens, or national security. This condition is manifested by such major symptoms as:
  - Public complaints about delays and inaccuracies at many service delivery points.
  - An inability to protect the rights and privacy of individuals from intrusive practices of Government agencies and others.
  - Growing obsolescence of equipment, systems, and personnel.
  - Increasing economic threats which have been accelerated by the availability of technical information and products flowing freely and uncontrolled from the United States into competitor nations.
  - A military enterprise which is operationally vulnerable as a consequence of obsolescent equipment and systems and underdeveloped technical personnel.

These major symptoms are principally caused by:

- The apparent unwillingness of the Office of Management and Budget to exercise managerial (in contrast with budgetary) control over information technology.
- The failure on the part of the Office of Management and Budget (OMB), the General Services Administration (GSA), and the Department of Commerce (DOC) to effectively discharge the responsibilities assigned to them under P.L. 89-306 (the Brooks Law).

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- Abdication by program agency management of its responsibility for managing information technology as a mission-oriented resource.
- Tensions between the legislative branch and the executive branch of government: in the absence of leadership from the OMB, the GSA, and the DOC, the House Government Operations Committee has become the de facto manager of much of the acquisition of the Federal Government's information technology resources; these activities plus those of other legislative groups combine to comprise a level of activity which stresses the limits of normal oversight of program and mission agencies and can preempt the decision process of the executive branch.

These summary findings indicate an urgent need to exploit and accelerate the application and development of information technology to reduce the cost of Government, improve service delivery, protect our privacy, improve our individual and military security, and maintain world leadership in a technology that holds the keys to a new era.



#### Study Conclusions

As it uncovered various serious problems with the Federal Government's employment of information technology, the Federal Data Processing Reorganization Project soon discovered that those problems often took the form of a basic dilemma. On the one hand, the prudent application of information technology to agency or program missions should and must be the primary responsibility of agency or program management; on the other hand, the study teams found that, in general, agency or program managers do not exercise the required responsibility, and that the users of data processing services in the Federal Government are seldom held accountable either for the effective use of such services or for planning and justifying the use of similar services in the future.

Moreover, the teams found that the dilemma extends even to the "central" agencies — the Office of Management and Budget (OMB), the General Services Administration (GSA), and the Department of Commerce (DOC). On many occasions during the course of the study, debate centered around two related questions: (1) whether some particular central agency actually has the ability or the will to do something it has been mandated to do; and (2) whether a responsibility which has not been honored by some particular central agency should now be reassigned to some other agency, or perhaps to a Special Assistant to the President. Once again, the dilemma. On the one hand, certain responsibilities belong naturally to certain agencies and should not arbitrarily be placed somewhere else; on the other hand, the history of those agencies causes many knowledgeable observers to doubt whether these agencies are capable of changing themselves sufficiently to accept and exercise their responsibilities.

As the ten study teams confronted the basic dilemma in one or another of its various manifestations, they offered solutions which, despite natural differences in preferred phraseology, form a remarkable consensus. That consensus is expressed in the following statements:

With regard to the line agencies, the Federal Government must establish clear and measurable criteria by which mission performance can be judged; then, reward competence; and, by rewarding it, build it and strengthen it. The building and strengthening of such competence is the major task faced by the Government.

With regard to the central agencies, the Federal Government must bring about a managerial revitalization — a revitalization characterized by a rechanneling of central agency efforts into positive programs intended to provide the Government with energetic and knowledgeable advocacy for the effective use of information technology.

In general, the current condition of the Government will not improve without major changes in attitude with respect to information technology. A systematic and integrated effort will be required to effect needed changes. This effort will require a commitment enunciated and driven by the President.

## II. RECOMMENDATIONS

The nine recommendations presented in the following pages represent a consensus developed from the common themes that emerged from the efforts of the ten independent study teams. The separate reports of those ten teams should be consulted for detailed discussions of the findings, conclusions, and analytic processes upon which the nine major recommendations are based. For instance, the Acquisition Team report describes the confusion, delays, and frustrations which characterize the current process for acquiring information technology resources; the Operational Management Team report develops and supports an important managerial concept called "Earned Autonomy" as an answer to the dilemma outlined on the previous page; and so forth.

Since the material presented in this report is not a summary of the individual team reports, the reader of those various reports should not expect that all of the recommendations of the ten study teams translate directly into the nine major recommendations set forth here. The reason for this is that there were various recommendations vigorously proposed by individual teams which did not survive the distillation process that served to develop these recommendations.

As was stated in the Acknowledgments section of this report, few of the ideas and recommendations offered by the study group are "new." What is needed for the management of information technology in the Federal Government is not new ideas, but new and energetic action — action which will promote the productive use of information technology across the entire Government.

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RECOMMENDATION 1: THE FEDERAL GOVERNMENT NEEDS TO TAKE ACTIONS THAT WILL ESTABLISH THE IMPORTANCE OF INFORMATION TECHNOLOGY, PROVIDE TOOLS FOR ITS MANAGEMENT, AND SET NATIONAL AND FEDERAL GOALS FOR ITS PRODUCTIVE USE.

- \* The top management of program and mission agencies must effectively relate information processing resources to program and mission requirements. In both the civil and defense agencies of Government, senior Government administrators should:
  - Initiate and maintain review and evaluation procedures which assess the reliability and validity of their information management systems.
  - Become involved in the planning and design of the new information management systems on which their agencies will become dependent.
  - Test and qualify the judgments of technicians in areas which impact agency data needs.
  - Demand managerial responsibility for the costs of the information management systems which support their agencies.
  - Actively require the use of information technology to reduce the unit costs of service delivery.
- \* The Office of Management and Budget should establish an Office of Information Resource Management (IRM) at the Executive Associate Director level. The person holding this position should be given a broad mandate to create and reinforce a good system of information technology management. A primary purpose of this office would be to provide a focal point within Government for the aggressive advocacy of the use and management of information technology in order to reduce the costs of Government and to make it more effective.
- \* The OMB should require each department or agency of Government to establish an Information Resource Manager as an assistant to the agency head. The IRM would comprise a staff uncompromised by vested interest in any particular computer facility and would be accountable for the following actions leading to the efficient and effective use of information technology throughout the organization served:
  - Oversee the development and on-going operation of the organization's information technology long-range planning mechanism and coordinate this planning with agency program planning.
  - Encourage technological innovation in the provision of service delivery by the organization, within existing budgetary, technological, and organizational resource constraints.

- Monitor the delivery of services by the organization, and advise the Secretary/Administrator on the best use of information technology to increase the efficiency of such services.
  - Advise the agency head on areas in which the information technology can be used to increase the overall effectiveness and productivity of information processing activities in support of the organization.
- \* The OMB should establish a National Council for Information Technology Policy, Plans and Programs. This Council should be chaired by the Executive Associate Director for Information Resource Management of the OMB. The Council's voting membership should be made up of the Chairperson and the various Information Resource Managers discussed above. Membership should also be open to key representatives of House and Senate committee staffs. The role of the Council would be to:
- Keep the President and Congress informed about the state of information technology as it is applied in Government.
  - Keep the President and Congress informed about the opportunities and problems presented by advances in technology.
  - Identify and clarify issues of information technology policy, plans and programs as they pertain to governmental operation, public well-being, and international relations.
  - Issue positions and recommendations on privacy and confidentiality matters.
  - Foster continued U.S. world leadership in information technology and identify the research and development programs needed to lengthen that lead.
- \* The recommended Executive Associate Director for Information Resource Management (EADIRM) and the various Information Resource Managers (IRM) must not be considered simply "elevated positions" that currently exist. These are new positions to be filled with information technologists with records that clearly place them among the Nation's best as technologists and as executives. The EADIRM and the new IRMs are perceived as forming a peer group capable of collectively addressing the opportunities of information technology through the proposed National Council for Information Technology Policy, Plans, and Programs. These positions should be filled from the private sector and from within the Government through effective use of the new Executive Service category or the use of IPAs as appropriate. The thrust is for a continuing infusion from the private sector and for the release of untapped resources within the Government.

RECOMMENDATION 2: THE FEDERAL GOVERNMENT NEEDS TO IMPROVE AND EXPAND ITS USE OF MODERN INFORMATION TECHNOLOGY TO INCREASE AND ENHANCE THE LEVEL AND QUALITY OF GOVERNMENTAL SERVICE DELIVERY WHILE REDUCING COSTS.

- \* The Federal Government should establish a nationwide computer-communications network of service delivery centers which support eligibility and claims processing and determination.
- \* The Office of Management and Budget should form and direct a Presidential task force to study (in detail) the consolidation and centralization of human services delivery, and should establish a policy initiative and timetable for the consolidation of human resource programs under a single integrated eligibility determination system which has strict safeguards against violation to individual rights, privacy, and due process.
- \* The Office of Management and Budget should encourage and support research programs directed to improve service delivery processes. Maximum effort is needed to improve and continually refine the Government's processes for benefit applications and claim processing in order to achieve and extend the economies of scale in high-volume, labor-intensive areas.
- \* The Office of Management and Budget should encourage and support the development of a set of uniform data definitions for human service delivery. Such definitions are needed to facilitate the aggregation of data across programs for various purposes which do not violate privacy, individual rights and due process.

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RECOMMENDATION 3: THE OFFICE OF MANAGEMENT AND BUDGET NEEDS TO ESTABLISH A POLICY REQUIRING THAT COSTS OF DATA PROCESSING BE CHARGED BACK TO THE USING AGENCY AND PROGRAM IN PROGRAM-RELATED TERMS.

- \* Throughout the Federal Government, immediate actions should be taken to bring about a management system in which the products of information technology can be measured and evaluated in program-related terms. To do this, certain tools, actions, responsibilities, and authorities are appropriate and should be fostered by the OMB:
  - The zero base budgeting process should be intensified and refined as an integrated management tool for on-going program tracking and management. This process calls for the development of key indicators by which effectiveness and efficiency can be measured.
  - Cost systems and indicators should be developed for measuring performance against end purposes and agency missions in units of service delivery. Work measurement, unit costing, and productivity indices, service quality indices, responsiveness indices, etc., should be used where appropriate.
  - Responsibility and accountability for effectively managing information resources should be focused on the program managers responsible for delivering services to the public or to other governmental bodies. Program managers should have decision authority commensurate with their financial decision-making authority in non-information technology areas including the ability to make decisions between alternate sources of supply. This includes the responsibility for making investment choices and decisions for competitively acquiring information technology resources and services in accordance with OMB Circular A-76. These managers should seek a reduction each year in the unit costs of service delivery.
  - Information technology costs should be required to flow directly into end-item (product or services) unit expense. All costs should be included, direct and/or indirect, including appropriate allocation of long-term and capital costs. All shared facilities should be placed on a full charge out basis. Users should contract with data processing installations for the cost, quantity, and quality of service to be provided in user oriented terms.
  - Data processing service centers should be performance audited periodically to determine whether they remain cost-effective. Evaluations should consider both cost and quality of services and those centers rated as substandard should be closed.

- \* Agencies should be required to prepare five-year information technology plans which are coordinated with the agency's budget and program plans. Major new information technology acquisitions and the programs they support should be identified so that sociopolitical issues can be addressed and resolved early. These plans should prepare each agency to submit "cost-based" as well as "obligation-based" budgets in fiscal year 1981. (Departmental activities must be managed on a cost basis even though Congress may prefer to examine budget proposals in its historic fashion.)

RECOMMENDATION 4: THE FEDERAL GOVERNMENT NEEDS TO SET AS AN OBJECTIVE THE REMOVAL FROM SERVICE OF ALL INFORMATION TECHNOLOGY COMPONENTS WHICH HAVE OUTLIVED THEIR COST-EFFECTIVE LIFE.

- \* The Government should obtain and maintain an information technology base that is sufficient to meet the needs of the Nation's economic life and its military posture. The cost of lost opportunities for providing improved Government services must be reduced. The hidden costs incurred when timely improvements are not made must be avoided. (These costs begin with such factors as the increased maintenance costs required by failing equipment and outdated software. Added to such costs are those incurred when unreliable equipment causes data reruns, underutilization of the better trained personnel, and the loss of potential contributions of promising personnel who decline Government employment because the working environment does not challenge their technological competence.)
- \* The Government should set an objective to remove from service all information technology components which have outlived their cost-productive life:
  - The OMB should establish guidelines for determining the cost-effective life of equipment in order to control obsolescence.
  - Each program agency should evaluate its computer inventory in the light of those guidelines.
  - The OMB and the agencies should jointly fashion capital requirements plans for the agencies, with clear priorities set among the competing needs identified.



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RECOMMENDATION 5: THE FEDERAL GOVERNMENT NEEDS TO SIGNIFICANTLY ALTER ITS PROCESS FOR ACQUIRING INFORMATION TECHNOLOGY RESOURCES. INCREASED EMPHASIS SHOULD BE PLACED UPON THE PLANNING, NEEDS DEFINITION, AND JUSTIFICATION PHASES OF ACQUISITION.

- \* The Brooks Law (P.L. 89-306) provides the legal framework for the management of information technology resources; recent guidelines for the application of OMB Circular A-109 to the acquisition of major information technology systems are consistent with this framework and have the virtue of applying a standard Federal procurement policy to the acquisition of major information technology resources. We applaud the spirit and direction of this effort; it should be extended to cover information technology resource acquisition in general through the application of the proposed Federal Acquisition Act of 1977 so that information technology acquisition can be viewed as a mission support function rather than as an end in itself.

In the absence of a standard Federal procurement policy hospitable to information technology, the following actions and guidelines are recommended:

- \* More procurement responsibility should be delegated to the agencies. Specifically:
  - The threshold requiring GSA delegation of procurement authority should be raised from \$50,000 to \$300,000.
  - A certification process should be established under which GSA would give an agency blanket delegation of procurement authority. Such certification ("Earned Autonomy") would be renewable annually upon determination that qualifying conditions by GSA have been met. Certification could be withdrawn by GSA for cause. Qualifications for certification would be determined by GSA. Operation of the process would be GSA's responsibility.
- \* Action should be taken under currently legislated authorities to clarify specific responsibilities between the Office of Management and Budget and the General Services Administration with respect to promulgation and issuance of management, acquisition, and procurement policy and procedures. The OMB should specify responsibilities, identify specific policies requiring clarification, set timetables and monitor completion. As a minimum, the following items require immediate attention:
  - The question of P.L. 89-306's applicability to services.
  - Policy covering the continued support to program agencies which obtain data processing services from another agency under the sharing program, when equipment is to be replaced.

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- Guidelines for applying OMB Circular A-76 to data processing.
  - Policy concerning treatment of software conversion costs in evaluating new procurements.
  - Guidelines for the development of functional specifications to be used in solicitation documents.
  - Policy governing incremental upgrades of existing resources.
  - Policy defining competitive procurements in various situations, describing under what conditions competitive procurements are in the best interest of the Government, and setting up a mechanism for monitoring program agency adherence to these policies.
  - Policy and guidelines on technological obsolescence as a factor in replacing computer hardware.
  - Responsibility for enforcement of standards related to new procurements.
  - Resolution of inconsistencies in automatic data processing equipment classification between the ADP Schedule contracts and the Federal Supply Schedule contracts.
- \* Acquisitions with a system life-cost in excess of \$1 million should be conducted only by data processing and contracting personnel who are qualified specialists in the computer acquisition function. The recommendation visualizes that agencies with full-time specialists (certified by GSA) should be given delegated procurement authority. Where such specialization does not exist, GSA should conduct the procurement. It is intended, as a minimum, that this policy apply to all large-scale computer hardware and large services acquisitions especially where benchmark techniques are used.
- \* Proposed acquisitions with a price over \$1 million should be specifically identified in budget documents and thus become more visible for management and budget reviews.
- \* More formalized procedures should be adopted when delays are imposed during the acquisition process. Whenever the normal acquisition process is halted by organizations external to the program agency, such as GSA, OMB, or congressional committees, the program agency should be advised in writing as to the reasons for the halt and informed of the actions required to resolve any problems.

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RECOMMENDATION 6: THE FEDERAL GOVERNMENT NEEDS TO UPGRADE THE TRAINING AND CAREER DEVELOPMENT REQUIRED FOR FUNCTIONAL MANAGERS, RECLASSIFY PERSONNEL SKILLED IN THE MANAGEMENT OR USE OF INFORMATION TECHNOLOGY, AND ESTABLISH APPROPRIATE CAREER PATHS FOR SUCH PERSONS.

\* The program and mission agencies and the central agencies should upgrade the training and career development required for functional managers, conduct a comprehensive reclassification of personnel skilled in the management or use of information technology, and establish appropriate and attractive career paths for such persons. To accomplish these tasks the agencies should:

- Require information systems training for functional managers in Grades 14 and above.
  - Establish a new occupational group, "Information Science," with appropriate job series to reflect the changed nature and role of data processing in the Federal Government and changed job specialties.
  - Provide a central focus to information technology training and career development through the establishment of a Federal Data Processing and Career Development Institute.
  - Make effective use of cooperative training and summer intern programs with colleges and universities which offer computer sciences curricula and degrees.
  - Establish communications lines between agencies and the Civil Service Commission to improve agency knowledge of the recruiting and examining process.
  - Modify existing legislation to allow delegation of examining authority to the heads of agencies.
  - Establish appropriate occupational series for and provide specialized training in data processing contract preparations, RFP preparation, contract performance monitoring, and contract administration.
  - Support long-term efforts supporting the development of suitable criteria and methods for formal certification of data processing personnel.
- \* The Department of Defense should:
- Provide for a military career path in each service which includes provision for progression to General in recognition of the extreme importance of information technology specialists to the national defense mission.

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- Take the measures necessary to fill certain vitally important posts in the military service with qualified general officers competent in the management of information technology.
- Establish the training programs necessary to ameliorate the problem of personnel obsolescence.
- \* The importance of the people who operate the systems that control and manage the Government's information resources should be emphasized; bonding and clearance requirements for operations personnel who control and handle data should be established.

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RECOMMENDATION 7: THE PROGRAM AND MISSION AGENCIES NEED TO BE STRENGTHENED TO MEET THE GENERAL REQUIREMENTS FOR MANAGERIAL AND TECHNICAL EXPERTISE IN INFORMATION TECHNOLOGY. THE AGENCIES MUST HAVE PROMPT ACCESS TO RESOURCES WHICH CAN HELP THEM SOLVE THEIR PROBLEMS.

- \* The Office of Management and Budget should maintain an awareness of the requirements for managerial and technical specialization and be willing to directly allocate to identified centers of expertise the personnel positions necessary to meet these requirements.
- \* Whenever a sufficient unmet demand exists, Specialized Assistance Centers (SACs) should be established to provide fully cost-reimbursable managerial as well as technical services to Government agencies.
  - SACs should be administered by host agencies that are capable of and willing to support them, or by an agency designated by the OMB.
  - SACs should be managed and reviewed by their respective host agencies, the OMB, GSA, and congressional oversight committees. The SACs should be financed through the GSA's ADP Fund.
  - The Department of Commerce should establish and sponsor a federation of SACs to create a community of data processing expertise within the Federal Government, and to provide joint policy, procedures, and planning for individual SACs. Both the OMB and the GSA should have representation in the federation.

RECOMMENDATION 8: THE FEDERAL GOVERNMENT NEEDS TO INSTITUTE A RESEARCH AND DEVELOPMENT PROGRAM IN INFORMATION TECHNOLOGY TO MEET THE NEEDS OF THE NONDEFENSE SECTOR.

- \* The Office of Management and Budget should foster and support research in the nondefense sector to deal with advanced software techniques such as formal verification of the correctness of computer programs; data base management systems for very large, shared distributed data bases; distributed computer architectures with terminals for the many counselors and service providers who interact with the public; archival storage technology; and, especially, human factors, privacy, security, and "robustness." The research and development that is required extends beyond the theoretical and laboratory work all the way up to prototype testing. Such a research and development program for computing and communications technology should have an initial funding level on the order of \$25 million annually; over the first five years at least 75 percent of the funds should be spent on contracts with private and university sectors.
- \* The Office of Management and Budget should foster and support a national computer network to serve the nondefense research efforts. Such a network would provide a unifying influence on programs and projects based in both the public and private sectors. These projects should also be closely coordinated and interactive with the information technology part of the defense research and development community where security considerations permit.
- \* The Office of Management and Budget should foster and support an augmented capability for using advanced computer techniques to keep track of the location and availability of experts in all the specialized areas of information science and technology.

RECOMMENDATION 9: THE FEDERAL GOVERNMENT NEEDS TO REVITALIZE ITS EFFORTS TO ESTABLISH AND MAINTAIN A STANDARDS PROGRAM FOR INFORMATION TECHNOLOGY IN ORDER TO SUPPORT THE ECONOMIC PURCHASE OF EQUIPMENT AND THE ECONOMIC AND EFFECTIVE OPERATION OF COMPUTER RESOURCES.

- \* The Federal Government should promote the adoption and acceptance of authoritative, workable standards for information processing to facilitate the cost-effective use of the technology within Government.
- \* The standards enforcement roles of the Institute for Computer Science and Technology, of the General Services Administration, of the Office of Management and Budget, and of the agencies should be clarified. The responsibility for measuring, determining, and reporting on compliance is the responsibility of the Secretary of Commerce; the responsibility for the application of sanctions belongs to the GSA for procurement and with the OMB for operational standards. Sanctions should be applied in cooperation with the technical support and compliance monitoring responsibilities of the Department of Commerce.
- \* The Secretary of Commerce should remove the Institute of Computer Science and Technology from the National Bureau of Standards, and assign the responsibility for information technology standards to the Assistant Secretary for Science and Technology, who should institute a program to anticipate, identify, prioritize, and develop needed standards in the Federal Government.
- \* The Office of Management and Budget should direct each department and agency to establish a central Standards Management Office, or equivalent, which would be responsible for the management of a standards program within the department or agency. The Office of Management and Budget should establish the consultant resources needed to assist it in carrying out its responsibilities with regard to the implementation of standards.

III. THE MINORITY POSITION

One important difference of opinion among the members of the study group has remained unresolved, and it is therefore appropriate to include in the project report a summary of the minority position on this disagreement.

The study team agrees that the central agencies (OMB, GSA, and DOC) have failed to establish a record of credibility, and that the OMB is so firmly set in its emphasis on budgetary control that there is reason to doubt that it will be able to adopt the positive management style needed to implement the recommendations of this study.

The majority view holds that the foregoing recommendations can and must be implemented through a strong and persevering Presidential initiative through the OMB. The minority agrees but further holds that the required Presidential initiative must be of sufficient strength to establish and support a Special Assistant to the President for Information Technology Policy, Plans, and Programs. The majority group objects to the appointment of such a Special Assistant; the minority group answers the majority's major objections as follows:

Objection 1: Special Assistants do not work. Executive departments and agencies will respond much more quickly to the words of their top management than to "Special Assistants" who are rarely seen.

Reply: There are ample precedents to demonstrate that Special Assistants do work. The Council on Environmental Quality, the Council of Economic Advisors, and numerous other special assistants within the White House are among these. It is clear that their success depends heavily on the skill and leadership ability of the individuals filling the positions.

Objection 2: The presence of a Special Assistant establishes an advocacy position close to the President for a special interest group, yet "the President gets all the special interest pressure he can stand."

Reply: The minority group appreciates the tumultuous situation this envisions, with many advocates pleading for a variety of special interests, but believes that this President has the technological background needed to benefit from a Special Assistant whose interests lie in exploiting the information technology to achieve the Nation's ends. Furthermore, the President is already receiving special interest pressures in this area from the legislative committees.



Objection 3: Information technology is not that important. It is just one more technique that can be used.

Reply: This position ignores the fact that the information industry in the United States impacts more than half of the GNP, and is growing. The Government is information-intensive and must therefore become computer-intensive. The rate of increase of computing capability (the computing power available per dollar) offers the only hope for dealing with the growth of the information on which the Government functions.

Objection 4: A new position outside of the OMB would create a conflict in responsibilities within the existing executive branch structure, which can be more damaging than helpful.

Reply: This perceived conflict is viewed as a needed "healthy tension" necessary to insure that the OMB will be constantly reminded of its management role. If the OMB becomes more aggressively "managerial," then the need for the Special Assistant will dissipate. When the need dissipates the office should be abolished.

Objection 5: The most effective tool any President has for bringing about change in Government operations is the OMB.

Reply: It is agreed by the minority that this is how it should be; however, the OMB lacks the credibility needed to effect the changes called for in this report. Numerous GAO reports substantiate this position, and, as an experienced former Government official pointed out: "for a whole variety of reasons...including at times weak leadership, OMB has not been as effective as it should be. This has been particularly true in carrying out its management missions, and I think it is fair to say that it has never really fulfilled its management mandate." The minority of the study group agrees, and adds that there is little reason to expect change, in view of the following:

- The adoption of zero base budgeting had the benefit of a Presidential initiative; yet, even so, the rank and file of the OMB have viewed ZBB as a process for gathering budget data, rather than as a component of a comprehensive management system.
- The OMB views itself as staff to the President with a role which is passive, independent, and objective. This role has been so carefully maintained and instilled in the OMB personnel that there is little hope of effecting required changes in attitude.
- The dominance and importance of the budget process is so great that the OMB will never have an effective management component.

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-- The current cabinet-centered management style of the President reduces the likelihood of a more active role for the OMB. In fact, superimposing an unwelcome "advocacy" or leadership role on the OMB would further jeopardize its effectiveness in its natural posture of budgetary control.

In summary, a minority group of the Federal Data Processing Study team respectfully holds that the President needs the counsel of a Special Assistant regarding the long-term goal of increasing governmental effectiveness through the appropriate application of the tools of information technology. In addition to counsel regarding these internal issues of Government, the President needs counsel regarding the international developments related to information technology. Therefore, the person chosen for this office should be one of major stature: a man or woman who possesses not only unquestioned technological qualifications but also a solid record of managerial success, including involvement in the international arena.

APPENDIX

Chapter I: Project History and Methodology

Evolution of the Federal Data Processing Study

As one of the 31 Presidential Reorganization Projects, the Federal Data Processing Reorganization Project was initiated to:

- \* Improve the delivery of governmental services through the effective application of computer and related telecommunications technology.
- \* Improve the acquisition, management, and use of these resources.
- \* Eliminate duplication and overlap in agency jurisdiction relative to computer issues.
- \* Improve the productivity of the Federal data processing work force.

Prior to the beginning of the study, the Office of Management and Budget developed a statement of the possible issues to be examined during the course of the study. This statement of issues was published in the Federal Register with a request for comments by interested parties. Over one hundred written comments were received from Government agencies and the general public. The comments were analyzed and a discussion draft was sent to members of Congress, officials of the executive branch, and all of those who commented on the issues published in the Federal Register. In general, the response to the discussion was favorable, and the draft became the basis for conducting the study.

Conduct of the Study

Fifty-five professional staff members were recruited to work on the Federal Data Processing Reorganization Study. Twenty of them were from outside the Federal Government, with their services being donated by their employers through the Executive Loan Program. The thirty-five Federal employees were detailed from their agencies to work on the project.

The project staff was divided into ten study teams and a project management group. Five of the study teams were designated to address planning and management issues which are unique to individual operating agencies and to obtain further views on Government-wide issues. These

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teams and their areas of concentration were:

- \* Human Resources Team: Department of Health, Education, and Welfare; Department of Labor; Veterans Administration; etc.
- \* National Security Team: Department of Defense.
- \* Small Users Team: Securities and Exchange Commission; Small Business Administration; Federal Trade Commission; etc.
- \* General Government Team: Department of the Treasury; Department of Justice.
- \* Science and Technology Team: National Aeronautics and Space Administration; Department of Transportation; Environmental Protection Agency.

The remaining five study teams addressed issues which are common to all agencies. These teams and their areas of concentration were:

- \* The Acquisition Team: problems relating to the process of selecting and acquiring computer hardware and services.
- \* The Operational Management Team: problems pertaining to the design of systems and management of data processing operations.
- \* The Standards Team: problems pertaining to computer and related telecommunications standards issues.
- \* The Personnel Team: problems relating to personnel management issues unique to the information technology community.
- \* The Central Agencies Team: problems pertaining to the relationships among the agencies which were assigned a special role in guiding the Federal Government's use of information technology under P.L. 89-306.

Each of the ten teams developed its own methodology and further defined the issues it was studying beyond those presented in the basic framework of the discussion draft of August 30, 1977. The teams gathered and analyzed data which served as the basis for a separate report prepared by each team. A draft of each report containing the methodology used by the team, the team's findings and conclusions, and an analysis of the options considered by the team was distributed to several hundred interested parties for public comment. The interested parties included representatives of executive agencies, the Congress, trade associations, the media, and others. The comments received were considered in preparing each team's final report. Each team's final report contains, in addition to the topics included in the public exposure draft, the team's recommendations and, in many cases, implementation plans.

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APPENDIX

CHAPTER II: SUMMARIES OF TEAM REPORTS

This chapter of the final project report contains summaries of each of the ten study team reports. Each summary states the team's objective, identifies the team members, explains the methodology used by the team, and outlines the team's major findings, conclusions, and recommendations.

To arrive at its recommendations, each team considered various options for solving the problems it identified. These options, which ranged from doing nothing to radical change or upheaval, can generally be categorized as follows:

- \* Change in organization structure
- \* Modification of policies, procedures, and regulations
- \* Changes in laws
- \* Different personnel administrative practices
- \* New budgeting and funding practices
- \* Different operating practices
- \* Development of management and technical personnel
- \* Altered management roles and responsibilities
- \* New uses of information technology to solve specific problems
- \* Alternate ways to stimulate the development and use of information technology

When considering the pros and cons of an option, each team in a variety of intuitive or quantitative ways evaluated that alternative against such criteria as:

- \* Feasibility and ease of implementation
- \* Degree to which laws must be changed
- \* Acceptability to Congress, the Office of Management and Budget, the General Services Administration, the program agencies, and industry
- \* Enhancement of personal and organizational accountability

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- \* Amount of organizational disruption
- \* Effect on cost within the Government or in what it acquires
- \* Degree to which the President's commitment to Federal employees is served
- \* Degree to which the President's Cabinet management concept is served
- \* Effect on relationships between Government and outside industry
- \* Effect on the economy
- \* Effect on national defense/security of the Nation
- \* Effect on mission accomplishment
- \* Degree to which an option will clarify responsibilities, simplify procedures, and reduce cost
- \* Payback visibility and timing
- \* Effect on Government's use of more current technology

The following summaries highlight the efforts of each team to take a broad look at the Government's information technology problems.

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SUMMARY OF THE HUMAN RESOURCES TEAM REPORT

1. Team Objective

The Human Resources Team addressed the ways in which computers and information technology may be brought to support the Federal Government in its attempts to cope with the delivery of human services in complex and rapidly changing environments. The team examined decision-making processes with the Departments of Labor, Housing and Urban Development, and Health, Education, and Welfare as well as the Veterans Administration.

2. Team Members

Robbin R. Hough (Team Leader)  
Oakland University

J. Gary Augustson  
Department of the Treasury

John M. Daugherty  
U. S. Army

Gerald T. Hedlund  
General Foods Corporation

Peter B. Henault  
Seattle City Light

David Hirschberg  
Department of Commerce

3. What the Team Did

The Team reviewed numerous reports dealing with the human resources agencies to identify specific tasks and "targets of opportunity" for follow up during the course of the study. The team (1) interviewed top management officials in the human resources agencies of the Federal Government on the major issues; (2) identified insights into the investment, planning, and budgeting processes through joint "case study" briefings by programs and information processing managers, and interviewed key individuals in non-Federal organizations; and (3) mailed 530 questionnaires to organizations involved with the delivery of human services to identify broader views of the applications of information technology.

4. Introduction to Findings

The problems addressed by the Human Resources Team are not strictly problems of information technology and computer management. Rather they are an integral part of a broader pattern of management failure.

If the Government is truly established to serve the people, then the President must set goals with an eye to 'what ought to be' by discerning the concerns of the American public. By capturing the imagination and support of the public, these goals can then be achieved. The Human Resources Team of the President's Federal Data Processing Reorganization Project has concluded that the President's power to serve is blocked today by a breakdown of policy management systems and lost opportunities to use information technology. We see the President surrounded and influenced by several hard-to-identify layers of career bureaucrats that almost religiously believe progress can only occur through an endless ritual with "the Hill." Programs, rather than being measured by criteria and judged by performance, must undergo a "political evaluation process" in which information is the medium of rhetorical exchange.

The team developed a series of recommendations which can lead to both a substantial improvement in the delivery of human services and to a restoration of communication between the President and the people. Implementation of these recommendations can facilitate the President's ability to serve effectively and goals once again can be set and achieved with a concern for what 'ought to be.' This document summarizes some of the team's findings and outlines its recommendations.

5. Findings

A. Agency Management

"Very little is known about the impact of Federal programs on some of their intended beneficiaries. Few departments or agencies have any systematic effective means of monitoring and evaluating the programs which they are suppose to administer."

Pablo Eisenberg, President  
Center for Community Change

Planning, coordination, and accountability become idle concepts without a means for monitoring and evaluating program performance. Where performance of program managers cannot be tied to program results, it is impossible to develop positive



incentives for good management. To survive where performance cannot be measured, where a track record cannot be demonstrated, managers must resort to turf fighting, empire building, and caution.

These conditions were found to be all too typical among the human resource agencies of the Federal Government. We found agency heads are not really in charge of their agencies. Peter Drucker summed it up well when he said, "Modern government has become ungovernable. There is no government today that can still claim control of its bureaucracy and of its various agencies."

At a time when the informed use of information technology can lend so much to turning this condition around, it is instead being largely unused because of several management-related problems. Management ignorance about the potential of information technology, lack of performance measurement, poor planning, inadequate training, and a lengthy procurement process only begin a long list of all-too-common characteristics which are unnecessarily stifling the human resource agencies.

The team divided these management problems into four categories:

- (1) Attitudinal aspects
- (2) Lack of incentives for innovation in information technology
- (3) Poor communication
- (4) Lack of action by the Office of Management and Budget (OMB) on excellent recommendations

Each of these areas is developed in detail within the body of the team report.

#### B. Human Service Delivery

The impact of these managerial deficiencies has been particularly severe on the delivery of human services by the Federal Government.

Where information technology could dramatically be improving the delivery of human services at all levels (determining eligibility, measuring performance, compiling data, showing trends, assisting appeals, etc.), the Federal Government is still attempting to conduct these programs with the tools and resources of the 1960's.

In spite of this lack of Federal leadership in applying new technologies to the delivery of human services, several farsighted State agencies and local governments are well ahead of their Federal counterparts in the development of systems to improve service delivery.

The team found citizens complaints connected with the Federal Government services to be characterized by red tape, reporting burdens, failure to provide understandable information, incompetent personnel interfacing with the public, and other unacceptable conditions. In studying the relationship between the Federal Government and those agencies which must administer federally funded programs, the team found unclear assignments of responsibility, inadequate definition of goals and standards, lack of effective citizen involvement, uncoordinated delivery of services and complicated and burdensome requirements.

Using these preliminary findings, the team conducted extensive interviews with State and local government agencies and with non-Government organizations involved in human services programs. Additionally, the team prepared and distributed a survey to the health and social services departments of every State and to most public interest groups concerned with the Federal Government human service program. The results of this survey have been compiled in the team report and reveal a number of interesting findings upon which many of the team's conclusions and recommendations are based.

#### 6. Conclusions

The human resources agencies are locked in a managerial "Catch 22" situation: Managers cannot manage because they do not have the information necessary to do so; the information is not available because the agencies have not been managed in a manner that permits it to be developed. The Team has further concluded that to break this endless dog-chasing-its-tail, energy-wasting feature of the human resource agencies, action at the highest executive level is necessary.

No standard definitions exist for human service programs; goals are not well defined; and objectives are unclear. In the absence of clear, concise goals, standards and definitions, it has been impossible to develop a common language for human service programs. With no common language, meaningful dialogue has been impossible; information has not been able to flow.

With no clear understanding of goals and objectives, managers have not been able to establish the criteria necessary to measure program performance. With no criteria and no meaningful measurement of performance, well founded policy decisions are impossible. The result

is that programs do not work the way they are intended. Technicians, program managers, policy makers, everyone can identify some of the causes but few in authority have an overall view of the causes or are willing to take the action necessary to implement the top-to-bottom changes which are required.

Specific conclusions are highlighted below:

- A. The lack of adequate training programs to keep information technology managers current with the state-of-the-art lead to obsolescence of the individual, and eventually to obsolescence of the organization.
- B. Lack of visibility has been a major factor in the failure to apply information technology to significant problems in the administration of Federal programs.
- C. Failure to understand the full potential of information technology is a major barrier to more effective use of information technology in carrying out agency missions.
- D. The attitudes of agency managers are generally not conducive to innovative use of information technology.
- E. There is no effective means to link improvements in program performance to information technology, and therefore there is no incentive to pursue information technology innovations.
- F. The proper environmental incentives and motivations for the innovative use of information technology do not exist within the human resource agencies.
- G. Current Federal information technology procurement processes provide a negative incentive for the effective use of information technology.
- H. Unpredictable legislative actions provide negative incentives for the effective use of information technology.
- I. The lack of effective communications between Federal, State, and local officials prevents the transfer of technology from one environment to another.
- J. Federal human resource information technology investments are not responding to needs. Substantial changes in the Federal information technology investment philosophy are needed to have the Federal Government achieve a level of investment which is consistent with agency mission and the private sector.

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- K. It is now feasible and desirable to decentralize the management of the human service delivery programs.
- L. Program (line) managers should be held accountable for the acquisition and implementation of major information technology systems affecting their areas of responsibility.
- M. For those reports which have already been submitted to the OMB, that agency should immediately begin to review and implement the significant recommendations.
- N. The Executive Office of the President should begin to assume a more active positive management role in the Executive Branch.

7. Recommendations

The Human Resources Team firmly believes that information technology is the single most important key to coping with today's knowledge industry and the complex, overlapping, interrelated policies and programs of the Federal Government, but good management must be the first step. Twelve specific recommendations have been developed.

The team has three broad policy recommendations:

A. Stop Studying the Problem

Many recent studies have been conducted which resulted in excellent and worthwhile recommendations. Too many of these recommendations have died on bureaucratic shelves while new administrators have initiated new studies resulting in many of the same recommendations which also die on the same bureaucratic shelves. The problems have been studied enough. There are sufficient numbers of conclusions and recommendations upon which there is agreement, and we recommend that action be taken now.

B. Implement a Systematic, Time-phased Solution

Any set of solutions to the problems confronting the human resources programs should be implemented in a systematic manner and given ample time to develop and bear fruit. We specifically recommend against the tendency to choose recommendations that are easy to implement and have a high visibility while at the same time ignoring the more difficult, longer payoffs, and least cost-justified actions.

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C. Develop Mechanisms for Using Common Sense in Government

The team recommends that formal action be taken by a central agency to stimulate the use of more common sense in Government. A small number of individuals with demonstrated creativity, initiative, and desire to see their Government be both effective and efficient should work full-time to develop practical, no-cost common-sense actions which could be implemented immediately by Executive order or agency operating instruction.

These broad recommendations are supported by four specific recommendations to improve management practices and information quality throughout the Federal Government.

D. Institute a Formal Policy Management Initiative

Recommended is the issuance of an Executive order which imposes new performance and status reporting requirements on the Federal agency responsible for each human service delivery program. The purpose of the new report is to ensure the continual monitoring of the Federal Government's interaction with the American people. The information provided by the agencies should bear on two objectives:

- o The timely, adequate, and accurate processing of claims and applications; and
- o Appropriate, adequate, and consistent program coverage.

E. Establish a President's Council on Information Quality

The President should immediately establish a "Council on Information Quality" within the executive branch to provide clear, top-level focus on the quality of information and information management in the Federal Government.

The role of this Council should be to recommend, oversee, and facilitate (rather than administer and manage) the information functions of the Government.

F. Establish the Position of Assistant to the Secretary for Information Quality

The President should establish an Office of Assistant to the Secretary for Information Quality within each of the human resources departments. The functions of this position would be to act as a senior technical advisor to the Secretary on his staff, thereby providing a clear, top-level focus on information management in these departments.

These advisors should be senior automatic data processing (ADP) managers with broad experience who can advise in the management of programs' information resources, consult on the availability of alternative technologies, and maintain open communication between the agencies and other organizations.

G. Establish a Technical Support Consulting Service

A technical support consulting service should be established within a central agency to provide information, assistance and advice to agencies implementing new technologies.

These management recommendations are followed by five specific recommendations dealing with the delivery of human services. Three of these deal with new policy direction; the remaining two involve specific Executive actions which could be taken immediately and which the team believes would have been substantial and highly visible benefits to individuals applying for human services.

H. Adopt a Policy Aimed at Encouraging Consolidation and Decentralization of Human Service Delivery

The President should establish a task force to:

- (1) Establish a policy initiative and timetable for the consolidation of human resource programs under a single automated integrated eligibility determination system;
- (2) Establish a policy initiative and timetable for decentralizing service delivery of the human resource programs; and
- (3) Establish guidelines for the administration of the Federal human resource program in accordance with the "Policy Management Initiative."

I. Take Action to Establish Clear, Concise Goals, Standards and Definitions as Normal Policy

Another major policy direction demanding immediate attention is that of goals, standards, and definitions. A high priority should be given to improvements in this area. Goals should be stated clearly and concisely and should be maintained as focal points for each human service program. Uniform standards and definitions, clearly stated, should be a follow-up requisite.

J. Encourage a Policy of Strengthened Partnerships with States and Local Governments

As a final specific policy direction, action should be taken to greatly strengthen the partnership between the Federal Government and the State and local governments.

This partnership, in terms of funding assistance, is already strong. The team recommends that the emphasis for stronger partnership focus on communications with the State and local governments, greater trust in these governments to administer federally funded programs, and a greater willingness to learn from the initiative and innovation demonstrated by these governments.

K. Establish a White House Task Force on Integrated, Automated, Eligibility Determination

The President should immediately establish a task force to:

- (1) Develop a single, common application for the principal human resource programs of the Federal Government;
- (2) Develop a prototype eligibility determination system using computer technology; and
- (3) Develop recommendations by which the Federal Government can encourage and assist State and local governments in implementing automated client eligibility determination.

L. Take Action to Automate Black Lung Eligibility Determination

Immediate action can be taken to reduce the time required to process Black Lung claims. Recent revisions of the Federal Coal Mine Health and Safety Act of 1969 provided for the review of 150,000 claimants who had previously been denied benefits. The plan the team has outlined would take advantage of existing computer technologies to significantly assist in clearing up the current backlog. Currently, approximately 300 days are required for a claimant to receive an initial determination on his/her claim.

Each of these recommendations is discussed in the team report. While some recommendations stand alone, the collection should be viewed as an integrated package which has as its objective the use of presently available computer technology to improve the policymaking, administration, management and service delivery functions of the Federal Government, while providing a mechanism for continued evaluation of new technologies and direction.

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It is our firm conviction that implementing bits and pieces of these recommendations in the traditional "Band Aid" approach will guarantee that the team's recommendations and work will prove fruitless. Only by implementating a complete and integrated package, whether it be the package we have proposed here or some alternative, and giving the package adequate time to develop, can meaningful, lasting solutions be expected to happen.

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SUMMARY OF THE NATIONAL SECURITY TEAM REPORT

1. Team Objective

The National Security Team was charged with examining the management of information technology in the Department of Defense (DOD). The Team studied the decision-making processes to determine the linkages between mission requirements and management of information technology resources in the Army, the Navy (including the Marine Corps), and the Air Force. Smaller agencies, such as the Defense Logistics Agency and the Defense Communications Agency were not studied because of lack of time. Both general purpose (administrative) and tactical computing were studied.

2. Team Members

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Dave Brandin  
SRI International, Inc.

G. Buck Fernandez  
National Aeronautics and Space Administration

T. Pat Gorman  
The Franklin Institute

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Richard Werling  
Department of Agriculture

3. What the Team Did

The six members of the team divided into three groups, each of which examined in-depth the management and role of information technology in one of the three services. During the course of the study the team interviewed more than 500 users and suppliers of data processing within the services. The individuals interviewed ranged from a plebe at West Point to the Deputy Secretary of Defense — and extended from San Diego, CA, to Fort Bragg, NC, and from Boston, MA, to Eglin AFB, FL.

4. Findings

- A. The role of information technology in national security is pervasive throughout every area of the Defense establishment.

The Defense Department cannot fly a modern airplane, drive a ship, issue paychecks, assign an officer, or issue an item from inventory without using its computing resource. In a future conflict, intelligent computer management could have a major impact on the success of the national defense, and would extend far beyond the purely military areas.

- B. The computer resource is not managed as an entity within the services. In addition to dispersion within each service, separate policy structures exist for general purpose computing and for computer resources embedded in weapons systems. In large measure, this separation stems from the special management requirements placed on general purpose computers by public law.
  - C. Taken as a whole, the computer resource is an incredibly costly item, and the total cost is only beginning to be identified. Estimates can be developed which approach \$10 billion, in operating expense and acquisition costs, annually within the Department of Defense.
  - D. Once in the forefront of computing technology, today Defense is operating thousands of obsolescent computers and forfeiting savings that are available from newer equipment and technology. The average age is six years greater than the comparable equipment used in the private sector. Defense Department specialists almost universally view this condition as beyond their control, and attribute it to the chaotic regulations administered by the General Services Administration (GSA) and the Office of Management and Budget (OMB).
  - E. Career specialists express severe dissatisfaction with training and career development opportunities. Due to the resulting heavy attrition and, paradoxically, technical obsolescence among key personnel, there is a very serious waste of human resources which has ominous long-term consequences.
  - F. Relations with Congress have become strained when instances of slippages or failures in major automatic data processing (ADP) systems occur.
  - G. Each of the military services has experienced some difficulty in organizing and managing in ways which support optimal use of computing resources.
5. Conclusions

It is apparent to the study team that the combination of circumstances described above has created a range of serious management problems which require extensive attention to ensure that the effectiveness of Defense computer support is returned to the highest practical level.

6. Recommendations

- A. We strongly urge that top level DOD management, both civilian and military, involve itself in the beginnings of an orderly resolution of the current computer resource dilemma.
- B. Improve the effectiveness of the Department of Defense by elevating overall information technology staff within the OSD organization. An OSD-level executive should be charged immediately with overseeing the entire spectrum of use of the information technology program, including those applications supporting administrative, scientific and engineering, command and control, and operations functions. It is visualized that this office will play a staff and policy role, and will not be an operational management function trying to control day-to-day operations.

The office should evolve from the combination of the organizations that are now responsible for managing portions of the information technology function within DOD.

Assign to this office responsibility for meeting requirements for "Earned Autonomy" that are recommended to bring to bear on the objectives of the Brooks Law the resources of the Department of Defense. (See the report of the Operational Management Team of the Federal Data Processing Reorganization Project for details on the "Earned Autonomy" concept.)

- C. This step should be complemented by consistent and related actions on the part of each Military Service. Equally important, initiatives being pursued by Defense information technology managers in such areas as life-cycle management, career development and training, long-range planning, Congressional relations, and budgeting and cost accounting, should be promptly implemented.
- D. Establish well-defined career fields for both military and civilian information technology specialist personnel, which will allow progression into high-level (and eventually into top) management positions.
- E. Simplify and streamline approval and acquisition procedures, both within the DOD and as practiced by the central agencies, to permit more expeditious introduction of new systems. Lowest total overall cost, measured over the complete system life cycle, for the Department should be clearly stated as the goal of these simplified procedures.
- F. Develop and implement an accounting system which will provide visibility into all automation costs, and implement a "charge-back" system to give the user control over his automation expenditures.

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- G. Adopt and enforce the life-cycle management policies, now being issued, which implement OMB Circular A-109 policies in the area of administrative data processing. In particular the points of policy on stabilization of military tours of duty and of lengthening tours of duty should be adopted.
- H. Strengthen the capability and role of the Defense Audit Service in reviewing ADP projects and requests.

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SUMMARY OF THE SMALL USERS TEAM REPORT

1. Team Objective

The Small Users Team was charged with studying the issues relating to the planning, management, and utilization of information technology among the relatively small users of that technology. For the study, this was defined as those agencies which reported automatic data processing (ADP) obligations of less than \$10,000,000. There were 27 such agencies. Among others, they included the Federal Trade Commission, the National Labor Relations Board, ACTION, and the Securities and Exchange Commission. For a complete list see the Small Users Team Report.

2. Team Members

Herbert B. Pier (Team Leader)  
Allstate Insurance Companies

Donald Cohen  
ACTION

William S. Kirby  
National Science Foundation

John Yankoviak  
Department of Defense

3. What the Team Did

From the 27 agencies assigned, a representative sample of 10 agencies was selected to be examined in depth. Among the factors used to select the sample were size, purpose, whether the agency operated its own computer, and size of the information processing budget. The agencies selected were:

- A. Nuclear Regulatory Commission
- B. Consumer Products Safety Commission
- C. Small Business Administration
- D. Federal Trade Commission
- E. Interstate Commerce Commission
- F. Securities and Exchange Commission
- G. Civil Aeronautics Board

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- H. Federal Home Loan Bank Board
- I. National Labor Relations Board
- J. International Communications Agency (formerly USIA)

The initial step was to gather and examine certain documented information about each of the 10 agencies in the sample. Each agency provided detailed organization charts, descriptions of major computer installations and facilities, descriptions of all major information technology applications, identification of primary users of computer services, and examples of representative reports of major computer applications.

After the documentation was examined, the Small Users Team conducted in-depth interviews with key managers within each agency. These managers included top-level agency management, information processing management, administrative department management and programmatic or mission department management. The interviews centered upon the interviewee's experience, involvement and responsibilities relative to information technology in the agency. The topics covered in the interviews included the agency's organization for information technology, the planning and budgeting processes, the investment decision process, the use of information technology, the effectiveness and satisfaction of applications, and possible new applications of the technology. The data gathered were examined and various options were analyzed. This analysis led to the development of recommendations. Finally, the Small Users Team prepared a report of the effort on the project.

#### 4. Findings

- A. Overall, data processing performance leaves much to be desired, with agency top management primarily responsible for the condition. Agency management generally has not provided the necessary support, attention, direction, and interest to the proper application of information technology.
- B. Information technology is not being used anywhere near its potential in the mission (programmatic) needs of the agencies.
- C. Computer equipment and resources appear to be lagging behind the current state-of-the art--particularly when compared to the private sector.
- D. There exists a good deal of overlapping and duplication of work in the installation of closely related data processing systems among the small user agencies.
- E. The field activities of small agencies are generally void of information technology resources.

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F. There is no single, effective authority and source of information technology expertise within the Federal Government which can provide help, direction, support, and guidance to small user agencies.

5. Recommendations

- A. Establish a central unit within the Federal Government which would provide a central, consistent source of support, advice, and direction on any and all aspects of information technology to any agency in need of them.
- B. Require that the information processing unit of each agency submit both short- and long-range plans for computer resources that are integrated with their agencies short- and long-range goals.
- C. Have the information processing unit report to a very high, major decision-making level in each agency.

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SUMMARY OF THE GENERAL GOVERNMENT TEAM REPORT

1. Team Objective

The General Government Team examined the management and role of information technology within the Departments of Justice and the Treasury. The team focused on three main issues: (1) How can the process for planning, reviewing, and approving investment decisions relative to the management of information resources be improved? (2) What can be done to expand and upgrade the availability of assistance in the area of information resource management? and (3) What can be done to clarify and strengthen the oversight role at the central executive and department levels for the management and utilization of information resources in the Federal agencies?

2. Team Members

John J. Stucker (Team Leader)  
University of South Carolina

Todd R. Balfanz  
Aetna Life and Casualty Insurance Company

Robert E. Hammond  
Veterans' Administration

Felix Rausch  
Federal Communications Commission

3. What the Team Did

After acquiring and reviewing background information on the two departments being studied, the team interviewed 50 individuals to elicit views concerning the issues being studied. The interviews covered top-level agency management, operating program managers, and agency-wide administrative support groups. Based on the results of the interviews the team analyzed the data and developed alternatives and options related to the issues under study.

4. Findings

- A. The Congress, the President, and top-level administration appointees do not effectively translate political goals and priorities into mission responsibilities of agencies and departments so that information technology requirements can be adequately specified.
- B. The management style of high-level career managers is reactive in dealing with information resource decision-making.



- C. Users are not exercising their proper responsibility with respect to information technology.
- D. There is an inadequate linkage between information processing and telecommunications in terms of long-range planning and systems design and development.
- E. The goals of the Brooks Law have not been achieved with the result that Congress has lost confidence in the executive branch's ability to manage information technology; this, in turn, has led to a "committee of the whole" environment surrounding the management and control of information resources in the executive branch.
- F. Management assistance and technical assistance for the use of information technology is inadequate in the Federal Government.

5. Conclusions

- A. The President, in conjunction with the Attorney General and the Secretary of the Treasury and in consultation with the Congress, needs to resolve certain policy issues which make it difficult for top-program management to define appropriate mission objectives involving information resources.
- B. The President needs to upgrade management capabilities in the executive branch so that management criteria become at least as important as budget criteria in agency planning and investment decision-making processes.
- C. Management assistance and technical assistance relative to information technology needs to be made available on a much broader, more standard scale to the agencies and departments, and this assistance needs to be separated, operationally, from oversight processes.
- D. The President needs to implement more fully the goals of the Brooks Law.

6. Recommendations

- A. The President should place primary emphasis on management objectives and criteria in developing central Government information technology policy for the executive branch by:
  - (1) Redirecting the thrust of the Office of Management and Budget (OMB) to develop policies which strengthen top-program management practices at the central agency and executive department level;

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- (2) Requiring that management policies be consistent and consolidated with respect to information technology (in contrast to the President's Reorganization Plan #1 approach which divided data processing and telecommunications policy responsibilities between OMB and Commerce);
  - (3) Assuring adequate implementation of standards to protect the confidentiality and security of personal, proprietary, and fiscal data maintained by Federal agencies;
  - (4) Directing that new program management policy emphasis for information technology be linked to the zero base budgeting (ZBB) process with each program application a decision package, so that the budget can be used as a management tool; and,
  - (5) Allowing OMB to organize and adjust staffing so that it can pursue consistent and positive oversight of the information technology management policies it formulates instead of maintaining control through simple disapproval of budget requests.
- B. The President should designate OMB as the instrument to improve the management of information technology at the agency level by:
- (1) Requiring that life-cycle-management concepts be implemented for information resources including time-phased development of major new systems; planned obsolescence so that conversion and upgrade costs can be better anticipated; and audit trails implemented in all new systems to permit continuous assessment of the system during the development, implementation, and operating stages;
  - (2) Establishing related information technology planning/budgeting and providing standards by which agencies can establish an adequate mechanism which fully integrates mission and information technology planning functions. The planning process must precede and lead into the budgetary process and drive that process rather than vice versa. ZBB, with its multi-year cycle, should be fully implemented based on the principle that each major system application becomes one decision package for top management review and assessment. This reform of the budget process should be accompanied by the implementation of full cost accounting and charge back procedures for information technology resources and services;
  - (3) Highlighting the role of users for defining their information requirements and for directing the system design, development, implementation, and audit activities; requiring them to submit

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their development proposals through a top-program management steering committee (adequately staffed) which determines priorities for application of information resources;

- (4) Providing standards for utilization reviews by top-level program management through implementation of periodic audit and evaluation of information technology. Based on these reviews top program management should direct user groups to make changes necessary to improve the efficiency and effectiveness with which they utilize the technology. Agencies should be encouraged to establish outside advisory committees to deal with information resource management problems;
  - (5) Assuring that the departments adequately define agency mission responsibilities. Advisory committees should be required which not only review system planning and development proposals but which also assist in clarifying and defining the policy/program issues which arise relative to the use of information technology; and
  - (6) Assuring that the departments provide adequate coordination in planning and budgeting for information technology to minimize duplication of systems and resources.
- C. Central agency assistance for program management and technical personnel should be expanded within the executive branch and given far greater prominence by:
- (1) Creating a central assistance organization to give this function maximum visibility and standardization. This organization could provide certain assistance services to the agencies and also serve as a clearinghouse for information on assistance available from the private sector and from Government-wide centers of expertise. This organization should not provide operating services to agencies, nor should it be linked directly to policy and oversight organizations although it would operate in support of these groups; and
  - (2) Strengthening the assistance function for routine services at the departmental level and in those agencies large enough to justify an assistance staff, and ensuring that it is organized separately from policy and oversight groups.

SUMMARY OF THE SCIENCE AND TECHNOLOGY TEAM REPORT

1. Team Objective

The Science and Technology Team was formed to study the role of information technology in those agencies having a strong scientific and technology emphasis in their mission. The agencies include the National Aeronautics and Space Administration, the Department of Energy, the Department of Commerce, the Department of Transportation, the National Science Foundation, and the Environmental Protection Agency. The team placed a high priority on addressing program agency management problems.

2. Team Members

Louis W. Haire (Team Leader)  
Lockheed Corporation

Charles W. Cross  
Department of the Navy

Jesse H. Poore, Jr.  
Florida State University

3. What the Team Did

The team interviewed top officials within the agencies covered by its charge. The officials interviewed included agency management, senior policy officials and senior operating officials at a sample of agency field offices as well as at headquarters offices. Topics covered included problems in applying information technology, and the management process for information resources. In addition, the team examined two areas of special concern. These were the role of the Federal Government in advancing computer technology and a review of the growth, fragmentation, and proliferation of Federal scientific and technical information systems and data bases.

4. Findings

- A. Management officials throughout the Government do not recognize data processing as a broadly based management resource, but instead view it as a narrowly-based technical specialty.
- B. Senior data processing operating officials were generally forced into the inappropriate role of resolving interorganizational priority conflicts and satisfying demands for services regardless of resource constraints.
- C. Senior data processing operating officials became primarily hardware expeditors with little broad policy-making role.

- D. Little or no commonality of purpose or commitment was found between data processing centers within an agency.
- E. The Brooks Law is sound as a management concept. However, its implementation by the Congressional review process and by the central policy/monitoring/oversight agencies tend to unduly prolong the acquisition process because of the adversary relationships created and the defense mechanisms generated.
- F. The hardware acquisition cycle time is excessive.
- G. Overall cost effectiveness is seldom considered as a criterion in the investment process.
- H. Current conversion policies do not represent true conversion costs of converting programs from one computer to another.
- I. The inability or reluctance to integrally consider capital expenditures with operational expenditures automatically leads to plant, people, and equipment obsolescence and to an ever-spiraling escalation of operating costs.
- J. Technology obsolescence is a major cause of excessive operating costs.
- K. Computer support necessary for successful mission accomplishment is frequently out of phase with other program segments, resulting in a negative impact on overall agency effectiveness.
- L. The Federal Government usage of current computer technology appears to have peaked between 1965 and 1968 and has steadily declined since.
- M. Government-owned contractor-operated facilities generally represent more efficient and more technologically advanced facilities than Government-owned, Government-operated facilities.
- N. The hardware obsolescence factor is costly.
- O. The inventory turnover cycle is about 20 years and is expected to lengthen.
- P. The obsolescence of personnel skills may be even greater than hardware obsolescence.
- Q. The current pace of technology advancement is expected to continue unabated.

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- R. The economic and strategic benefit of information processing technology have not been fully achieved.

5. Conclusions

- A. The management process for information technology resources lacks focus.
- B. The result is an ineffective use of the technology.
- C. Current management practices weaken the role of the Federal Government in serving the public, defending the country, maintaining a strong economy, and meeting its obligation to the taxpayers.

6. Recommendations

- A. The President should appoint a senior policy official who would be a consistent advocate of good management principles from the Presidential level on down.

This recommendation is premised on the assumption that the promotion of good management techniques is an on-going process to be applied to every case, every time.

- B. Provide a focal point for the many and varied computer-related research and development efforts currently being funded, directly or indirectly, by Government grants, contracts, awards, purchase orders, and IR&D programs.

Impetus for the development of this focal point should come from the Executive Office of the President, Office of Science and Technology Policy (OSTP).

- C. The procurement techniques embodied in OMB Circular A-109 (Phase 1-Definition Contracts; Phase 2-Design Contracts; Phase 3-Construction Contracts), developed for acquiring advanced weapons systems, should be adapted to acquisition of large scale developments involving computer technology.

- D. A national policy on information management and dissemination, including the need for basic research should be formulated. We recommend that this leadership could best be forthcoming from the Executive Office of the President, Office of Science and Technology Policy.

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SUMMARY OF THE ACQUISITION TEAM REPORT

1. Team Objective

The objective of the Acquisition Team of the President's Federal Data Processing Reorganization Study was to examine the adequacy of the process for acquiring data processing resources in relation to alternative sources of supply, duration of acquisition cycle, level of competition, and implications of technological developments.

2. Team Members

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Department of Interior

\*James H. Burrows  
Department of the Air Force

Douglas A. Crone  
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\*William N. Hunter  
Office of Federal Procurement Policy

Robert S. Johnson  
Blue Cross of Massachusetts

Blasdel A. Reardon  
ARMCO, Inc.

\*Note: These individuals were recalled by their agency after the study began and did not participate in the development of the Team report.

3. What the Team Did

The Acquisition Team reviewed the acquisition process from several points of view by interviewing personnel from representative agencies, from central policy, management, and control activities, from various segments of the data processing industry, from State governments and from large corporate users of data processing. The personnel interviewed were from all levels of agency management. The team analyzed the serious problems reported to them and found that the reported problems were symptomatic of more deeply rooted problems.

4. Findings

A. The Mechanics of the Acquisition Process

- (1) The data processing procurement process is being used as a tool for forcing better management practices on Federal agencies.
- (2) The procurement process is uncertain.
- (3) Congressional and central-agency controls and reviews have led to a duplication of those controls by the program agencies.
- (4) The Office of Management and Budget (OMB) appeal process is infrequently used to resolve differences in procurement determinations between the General Services Administration (GSA) and program agencies.
- (5) Length of the acquisition process is considered by program agencies as their major acquisition problem.
- (6) Although the majority of agency procurement requests (APR's) are processed through GSA in a reasonable period of time, once a procurement gets halted, the delay often becomes extended interminably.
- (7) In more than 90 percent of the cases, GSA delegates procurement authority back to the requesting agency.
- (8) The parties involved in the procurement process agree that the dollar threshold for automatic delegation of procurement authority should be raised.
- (9) Consolidation of individual agency procurements has not proved effective.
- (10) On the average, the cost of conducting fully competitive procurements having a contract value of less than \$300,000 is greater than the cost savings resulting from the competition.
- (11) Despite the increased control and review processes, there has been no appreciable reduction in noncompetitive procurements.

B. The Nature of the Responsibilities and Guidance

- (1) Protracted delays in resolving data processing policy disagreements have had a detrimental effect on the data processing goods and services acquisition process.



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- (2) Some policy guidance is unclear to the point of having an adverse effect on data processing goods and services acquisition process.
- (3) The written expression of data processing goods and services acquisition guidance is poorly organized, difficult to understand, and unnecessarily voluminous.
- C. The Adequacy of the Personnel Involved
  - (1) Understanding of the acquisition process including controls, techniques, and procedures is lacking.
  - (2) Central Agency staff levels to prescribe acquisition policy and to conduct procurements are inadequate.
  - (3) Accountability for the success or failure of an individual acquisition is impossible to ascertain.
  - (4) Within the program agencies, the planning which occurs prior to the acquisition process is deficient.
- D. The Financial Planning and Funding for Computer Resource Acquisition.
  - (1) The budgetary process has been an ineffective approval process for large data processing equipment acquisitions.
  - (2) The Government often pays more for computer equipment than the lowest overall systems life-cycle costs.
- 5. Conclusions
  - A. OMB and GSA have not fulfilled the roles envisioned for them by P.L. 89-306.
  - B. OMB and GSA are inadequately staffed to fulfill the responsibilities assigned to them by P.L. 89-306.
  - C. Expertise and management strength in the program agencies with respect to computer resource acquisition is deficient.
  - D. P.L. 89-306, as implemented, is not having the intended effect on Federal data processing procurement.
  - E. The written acquisition guidance needs to be improved in content and simplified in structure.
  - F. The patchwork and layering of controls and reviews have not improved the acquisition process satisfactorily.

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- G. The computer acquisition process should be stabilized.
- H. The Congressional role in data processing procurement has become awkward and confusing.
- I. The lack of cooperative relationships among Congress, OMB, GSA, and the program agencies has contributed to the acquisition problem.
- J. Lack of accountability for the success or failure of acquiring computing resources contributes to acquisition problems.
- K. The basic acquisition process for major systems is not inherently too lengthy.
- L. Changes to fiscal procedures would remove much of the wasted effort and save millions of dollars in acquisition actions.

6. Recommendations

A. Policy and Management Responsibilities

Aggressive action should be taken under currently legislated authorities to clarify specific responsibilities between OMB and GSA with respect to promulgation and issuance of management and procurement policy and procedures.

B. Guidance Documentation

Present policies and procedures should be simplified and ambiguities clarified.

C. Capabilities.

- (1) Formal education and training curricula should be developed and incorporated into the Federal Acquisition Institute.
- (2) Major acquisitions should be conducted only by data processing and contracting personnel who are specialized in the computer acquisition function.
- (3) Additional staffing should be provided OMB and GSA.

D. Procurement Authority

- (1) More formalized procedures should be adopted when delays are imposed during the acquisition process.
- (2) Delegations of procurement authority should be automatic to those agencies that have been certified by GSA as qualified to conduct effective procurements.

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- (3) Agencies should be authorized to procure automatic data processing equipment below \$300,000 systems life cost, without a specific delegation of procurement authority and under simplified procurement procedures.

E. Budget

Proposed acquisitions with a price over \$1 million should be specifically identified in an attachment to Exhibit 43A of the budget submission.

F. Funding

Capitalization of the ADP Fund should be substantially increased.

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SUMMARY OF THE OPERATIONAL MANAGEMENT TEAM REPORT

1. Team Objective

The main objective of the Operational Management Study Team effort was to improve the performance and productivity of automatic data processing (ADP) operations in the federal government through more efficient and effective management. Specifically, the study was aimed at improving:

- \* The utilization of ADP technology in operational support of agency mission and goals;
- \* The management of ADP hardware and software resources; and
- \* The implementation of policy goals in the areas of confidentiality and security.

2. Team Members

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(Joined SEI Computer Services on July 31, 1978)

Jerry R. Berry  
Tenneco, Inc.

Thomas Giammo  
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3. What the Team Did

The Operational Management Study Team sought substantial involvement with affected Federal agencies as well as input from the Congress and executive branch central management organizations (Office of Management and Budget (OMB), National Bureau of Standards (NBS), General Services Administration (GSA) in its efforts to define the "Operational Management Problem" more precisely and to develop recommendations. Participation of private sector organizations and associations was also sought, and materials concerning ADP management policies, procedures and practices in use in the private sector were reviewed.

The findings, conclusions, and recommendations of the study team were in seven distinct areas:

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- \* Systems Development
- \* Software Sharing
- \* Cost Accounting, Allocation and Control
- \* Installation Management
- \* Evaluation and Auditing
- \* Confidentiality and Security
- \* Technical Assistance.

4. Findings

A. Systems Development

- (1) Many agencies do not use a formal (structured) approach for the development of systems or project management.
- (2) Systems assurance (quality control) activity in the systems development process is the exception rather than the rule.
- (3) There are many critical areas of ADP where standards and guidelines should exist that have been totally ignored.
- (4) There is no effective mechanism in the Federal Government to assure adherence by executive agencies to policy and to provide the checks and balances necessary to insure achievement of agency ADP goals in a reasonable manner.

B. Software Sharing

- (1) Software requirements differed from agency-to-agency because of substantive differences in the way agencies implement common policies, regulations, and procedures.
- (2) Common software requires common decisions throughout the functional requirements definition and systems design phases of software development; without common decisions the idea of common software is more apparent than real.
- (3) Significant sharing of minor software systems is taking place in an informal manner below the attention level of top management.
- (4) The GSA Software Exchange Program is at present not successful. Most people interviewed did not feel it ever would, or could, be.

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C. Cost Accounting, Allocation, and Control

Lack of cost awareness in data processing-related decisions is a Government-wide problem of major proportions. While it was found that the availability of at least reasonably accurate cost information for computer services is a necessary prerequisite for improvement, the team also concluded that fundamental changes were also needed in the relevant agency decision-making processes. The thrust of these changes seek to accomplish:

- (1) Accountability in the user organization for the cost-effective definition of requirements and the use of ADP services;
- (2) Increased top-management reliance on "economic" measures of overall performance in place of detailed and explicit controls on specific resources; and
- (3) Strong direct incentives (rewards) for improvement in economic performance for both users and suppliers of ADP services.

D. Installation Management

The team's investigations into installation management supported the general findings of the other areas and specifically concluded that much greater emphasis must be placed on "service" as the primary goal of agency data processing, and the use of measured service as a management-control tool.

E. Evaluation and Audit

The team examined how agencies assure that data processing applications conform to user objectives and requirements, and the extent to which applications contain controls and audit points consistent with good business practices. The major finding is that not enough data processing evaluation and auditing is being done in the Federal Government:

- (1) In many agencies there are not enough internal auditors and evaluators with data processing knowledge and training; and
- (2) Current resources for data processing evaluation and auditing are relatively small in comparison to the magnitude of the data processing systems.
- (3) A better understanding must be developed in the Federal Government about the role and value of computer evaluation and auditing, as well as an allocation of more adequate resources to establish competent and effective agency data-processing evaluation and auditing groups.

F. Confidentiality and Security

Implementation of confidentiality and security policies and procedures is very inconsistent in the Federal Government. Confidentiality and security awareness and concern has not been fully integrated into the program, resource-allocation, and decision-making processes of Federal agencies. Monitoring and enforcement of confidentiality and security policies is inadequate both at departmental and central management agency levels. There must be a closer link between the development of confidentiality and security policies in the Federal Government and their implementation and evaluation.

G. Technical Assistance

The study identified nine distinct areas where agencies need support from technical specialists: Resource acquisition; system development; installation management; information economics; product evaluation; review and evaluation of technical studies; development of standards and guidelines; data services; and training.

The team concluded that: There are well identified and well justified requirements for more technical assistance capability within the Government than exists today; these services should be provided to requesting agencies on a fully cost-reimbursable basis; and present methods of providing support are inadequate.

5. Conclusions

From its investigations, the team arrived at several broad conclusions common to all aspects of operational management:

- A. Users of data-processing services are not assigned appropriate responsibilities regarding their use of data processing.
- B. Neither the users nor the providers of data processing services have sufficient technically qualified personnel to properly perform their roles.
- C. ADP policy directives are most often issued without consideration of their operational implementability, and without auditable criteria which would assure their meeting the intent of the policy.
- D. The oversight and control relationships in the area of data processing between the individual agencies and the central agencies (OMB, GSA, et al.) are poorly constructed and often counter-productive.

The general conclusions led to the formulation of a general team philosophy called "EARNED AUTONOMY," regarding the desirable balance between agency autonomy and central control and direction. Earned Autonomy stresses the strengthening of line agency management, as opposed to more central oversight, with the explicit goal that ultimate authority and responsibility rest with the agency itself. However, the existing situation demonstrates that a mechanism must be put in place to encourage this to happen.

The "Earned Autonomy" management concept involves a program which certifies agency information technology competence in specific management areas. The approach will give maximum autonomy (delegation of procurement authority, little or no management review by OMB, etc.) to agencies that have demonstrated good management capability in these areas. Agencies with less than capable information technology management ability would receive more oversight and budget review. Agency re-evaluations (certifications) would be conducted on a regular basis.

6. Recommendations

A. Systems Development

- (1) Establish a quality control function (independent of information processing) within each department, agency, or bureau utilizing computers, capable of validating that:
  - \* Systems are capable of meeting the requirement for which they are intended;
  - \* Systems are certified as operational before implementation; and
  - \* Project plans to develop or acquire the systems are adequate and reasonable.
- (2) Establish a policy which requires that all operating departments, agencies, and bureaus develop or adopt a formal systems development and project management methodology. The minimum requirement these methodologies should contain are specified in the team report.
- (3) Provide a central Government awards program for managers who demonstrate outstanding performance.



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B. Software Sharing

- (1) Encourage and facilitate informal software sharing.
- (2) Direct formal sharing activities to users and systems designers, who determine functional requirements and system specifications.
- (3) Form application-oriented common interest groups to identify candidate common-use systems, encourage informal contacts, and distribute information.
- (4) Appoint a (central) group to be responsible for the acquisition and/or development of application-oriented common use software, as well as its continued technical support and maintenance. Abolish the present GSA software exchange activity.

C. Cost Accounting, Allocation, and Control

The team's principal recommendations call for the management of all large general-purpose data processing facilities as "Data Processing Cost Recovery Centers," for which the following should be required:

- (1) Full cost accounting,
- (2) Full cost recovery by charges to users,
- (3) Actual transfer of funds from users to service providers,
- (4) Explicit treatment of capital funding as "loans" with "interest" payments that involve actual funds transfers,
- (5) Competition with the private sector for the supply of data processing services,
- (6) Special surcharges for "captive" applications to discourage retention of in-house applications based on noneconomic justifications, and
- (7) Personal performance incentives based on "certification" of competitive status.

D. Installation Management

- (1) The OMB institute a policy (with supporting guidelines) requiring agencies to explicitly manage and control the level of service provided to data center users, who request and pay for the level(s) of service they need.

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- (2) The OMB require the periodic audit of all data centers by qualified data processing auditors.
- (3) The OMB and Commerce fund the development of installation management guidelines and standards; and develop mechanisms for enforcing the application of those standards that are defined.

E. Evaluation and Auditing

The team recommends that the OMB develop a policy that will:

- (1) Require agencies to establish effective data processing evaluation and audit programs;
- (2) Assign clear responsibilities for policy, standards, guidelines, training, and technical assistance in this area, and allocate resources so that responsibilities can be carried out; and
- (3) Encourage and support the development of new data processing evaluation and audit tools and techniques.

F. Confidentiality and Security

- (1) The President issue an Executive order defining his concern about the effective development and implementation of confidentiality, security, and data quality assurance policies in the Federal Government.
- (2) A data processing security policy be instituted in the Federal Government requiring that agencies establish security programs and reviews for all data processing applications, systems, and installations.
- (3) A data quality assurance policy be instituted requiring that agencies establish data quality assurance programs and reviews for all data processing applications, systems, and services.
- (4) The monitoring and evaluation capabilities of central management agencies be upgraded in the areas of confidentiality, security, and data quality assurance.
- (5) Technical assistance concerning confidentiality, security, and data quality assurance be provided to agencies.

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G. Technical Assistance

- (1) Technical Assistance Centers (TAC's), that provide fully cost-reimbursable technical services to Government agencies, be established whenever a sufficient demand exists to support the operation of a TAC under full-cost recovery procedures.
- (2) TAC's be administered by host agencies that can, and are willing to, support them, by GSA or by Commerce.
- (3) TAC's be managed and reviewed by their respective host agencies, OMB, and the appropriate Congressional oversight committees.
- (4) That a federation of TAC's be established to create a community of data processing expertise within the Federal Government, and to provide joint policy, procedures, and planning for individual TAC's.
- (5) That the TAC's be financed through the GSA ADP Fund.

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SUMMARY OF THE STANDARDS TEAM REPORT

1. Team Objective

The task of the Standards Team of the President's Federal Data Processing Reorganization Project was to determine ways in which the management and administration of the Federal Information Processing Standards program can be improved to provide meaningful, timely standards which can be effectively implemented and enforced, and which lead to the fulfillment of well-defined and accepted goals. Specifically, the team addressed the following objectives:

- \* How can the proper goals and objectives of the Federal Information Processing Standards program be determined and how should the Government anticipate the needed standards?
- \* How can the development of high priority standards be expedited?
- \* How can adopted standards be effectively enforced?
- \* How can the Government best coordinate the development of computer and communications standards?

2. Team Members

Paul Oliver (Team Leader)  
Department of the Navy

Robert P. Blanc  
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David C. Gurtner  
Veterans' Administration

3. What the Team Did

The Standards Study Team identified issues and problems by interviewing officials of the central management agencies involved in the Federal Information Processing Standards (FIPS) program. Officials were interviewed from the Department of Commerce/National Bureau of Standards (NBS), General Services Administration (GSA), the Office of Management and Budget (OMB), and the General Accounting Office. In addition, the staff of the House Committee on Government Operations, data processing executives in major user agencies, and representatives of major information technology professional associations, trade associations, and industry were interviewed. The team also solicited inputs by mail from the major computer user associations and did an extensive literature search of pertinent documents.

The following represents the major findings and principal recommendations resulting from this study.

4. Findings

The Team found:

- A. A perception that the standards program lacks discernible goals and objectives:
- B. Insufficient management direction by the central agencies:
- C. Inadequate discrimination in the classification of automatic data processing standards; and
- D. Potential for conflict between data processing and telecommunication standards.

5. Conclusions

- A. The confusion and disagreement over the nature, purpose, and impact of information processing standards in the Federal Government are widespread, and represent major causes of the problems existing in the Information Processing Standards program.
- B. The standards enforcement roles of the Department of Commerce, GSA, OMB, and agencies are not clearly understood nor uniformly agreed upon by all parties concerned.
- C. Responsibility for the shortcomings in the Information Processing Standards program must be shared by all the participants in the program.
- D. The level of software sharing in the Federal Government is minimal, if existing at all.
- E. The problems existing in the Federal Information Processing Standards program will tend to worsen with time.

6. Recommendations

The recommendations of the Standards Team are as follows:

- A. That the Director of the Institute for Computer Sciences and Technology institute a program to anticipate, identify, and prioritize information processing standards needed in the Federal Government. We further recommend that this be done through the creation of a Program Development Staff and a Standards Policy Board.

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- B. That schedules be established for needed standards, and that the Institute for Computer Science and Technology be prepared to undertake the development of needed standards when such standards are not forthcoming from the voluntary standards process.
- C. That the Secretary of Commerce exercise the responsibility and authority for determining and reporting compliance with information processing standards on the part of vendors, departments, and agencies.
- D. That the Institute for Computer Sciences and Technology be removed from the National Bureau of Standards and that it be placed directly under the Department of Commerce Assistant Secretary for Science and Technology.
- E. That a Site Review Staff of consultants be established under OMB auspices to assist OMB in carrying out its responsibilities with regard to the implementation of standards.
- F. That the Memorandum of Understanding between the National Communication System (NCS) and the National Bureau of Standards (ICST) be updated to include a greater degree of joint planning between NCS and the ICST.
- G. That the OMB direct each department and agency to establish a central Standards Management Office, or equivalent, which would be responsible for the management of a standard program within that department or agency.

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SUMMARY OF THE PERSONNEL TEAM REPORT

1. Team Objective

The tasks of the Personnel Team of the President's Federal Data Processing Reorganization Project were to assess significant problems, research and evaluate current personnel practices, develop alternatives, and make specific recommendations designed to improve the overall utilization and management of data processing personnel in the Federal Government.

Specifically, the Personnel Team addressed these objectives:

- A. The need to improve recruitment processes to eliminate problems in hiring and retaining skilled people necessary to assure effective utilization of technology.
- B. The need to eliminate conflicts created by the growing tendency of specialization in certain data processing jobs and the desire to broaden individual skills to enhance opportunities for promotion.
- C. The need to incorporate data processing questions as an integral part of agency decision-making and policy setting processes.
- D. The need to revise the present job classification system to permit the Federal Government to make full use of new tools and techniques which have and are being developed.

2. Team Members

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Stephen J. Stofko  
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Israel Feldman  
Department of Housing and  
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3. What the Team Did

The team identified issues and problems through formal and informal contacts with key management and operations personnel in 39 Federal agencies, 9 professional societies, 8 private firms, and

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3 labor organizations and through the thorough review of previous studies dealing with Federal personnel, particularly the President's Personnel Management Project Study Report released in December 1977.

The following represents the major findings and the principal recommendations resulting from this study.

4. Findings

The Team found that:

- A. The ability of data processing personnel to contribute effectively to the goals and objectives of Federal agencies is a direct reflection of the top management's perception of information technology's function and significance to the agencies mission. The organizational placement of the function is also directly related to this perception.
- B. The nature of data processing work and the jobs being performed are not adequately reflected in the standards by which positions are classified, resulting in ineffective position management.
- C. The mechanics of the examination and certification process adversely impact the Government's ability to recruit and retain skilled data processing personnel.
- D. Neither training nor career-development programs are organized or administered in a manner which would achieve the most effective development of personnel or utilization of data processing technology.
- E. Personnel ceilings are restrictive, inhibit flexibility, and establish barriers to adequate staffing.
- F. Excessive use of contractual data processing support services is fostered by existing Federal procurement policy and personnel ceiling limitations.
- G. Existing formal incentive systems are not properly set up or utilized for rewarding/motivating personnel.

5. Recommendations

The team recommends and, in the detailed report, discusses implementation methodologies which would:

- A. Require Information Systems Training for functional managers in Grades 14 and above.
- B. Require that impact analyses be performed on data processing operations before major policy or procedural changes are implemented.



- C. Establish in-house mechanisms for setting data processing priorities, and making policy decisions when conflicting demands cannot be resolved at the operating level.
- D. Assign responsibilities for information systems policy and overall operations at the Deputy Assistant Secretary level or higher.
- E. Establish a new occupational group, "Information Science," with appropriate job series to reflect the changed nature and role of data processing in the Federal Government and changed job specialities.
- F. Modify existing legislation to allow delegation of examining authority to the heads of agencies.
- G. Make more use of cooperative training and summer intern programs with colleges and universities which offer computer sciences curricula and degrees.
- H. Establish communications lines between agencies and the Civil Service Commission to vastly improve agency knowledge of the recruiting and examining process.
- I. Establish a Federal Data Processing Training and Career Development Institute.
- J. Modify the existing policy on personnel ceilings to allow more management flexibility by applying monetary versus numerical restrictions.
- K. Publish clear guidelines on the types of data processing projects and activities which have been proven to be more successfully accomplished by contracting out.
- L. Establish appropriate occupational series for, and provide specialized training in preparation of, data processing-related contracts and requests for proposals, contract performance monitoring, and contract administration.
- M. Modify compensation legislation to allow incentive awards in the form of "percentage of salary" bonuses.
- N. Support long-term efforts leading to the development of suitable criteria and methods for formal certification of data processing professionals.

SUMMARY OF THE CENTRAL AGENCIES TEAM REPORT

1. Team Objective

The task of the Central Agencies Team was to address (1) the roles and responsibilities of the central policy-making agencies (Office of Management and Budget (OMB), General Services Administration (GSA), and National Bureau of Standards (NBS)) and their relationships to those of the user agencies, (2) alternative organizational options for fulfilling Federal data processing requirements, (3) specific areas of central policy concern or opportunities for improvement which are not being addressed, and (4) the nature of the future information technology and its potential impact on Government.

2. Team Members

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3. What the Team Did

The team scheduled and conducted briefings with various national technology leaders; interviewed spokespersons for industry associations and private companies; interviewed cabinet-level officials and others within the central agencies and Government at large; reviewed Executive orders within the central agencies and Government at large; reviewed Executive orders, policy statements, records of hearings, and GAO reports; and developed a consensus which is presented in their report.

4. Introduction to Findings

A 1959 study by the Bureau of the Budget on Automatic Data Processing Responsibilities directly anticipated some of the main conclusions of this study: "The findings on the impact of ADP previously reported herein indicate that dynamic leadership of the ADP program of the Federal Government is a vital necessity. Passive, partial, or informal types of leadership have had their place, but have now outworn their usefulness."

Information technology has progressed remarkably since 1959, but the Government's management and use of it have not. Although an early innovator and explorer of information technology, the Government began to fall behind in its exploitation of that technology after the mid-1960s. Now, in 1978, we find that the Bureau of the Budget (BOB) conclusion is as valid today as it was when drawn. However, in the area of information technology, leadership is lacking at critical levels in the Federal Government. This lack of leadership is the root cause of a set of conditions which has led to a progressive deterioration of the Government's ability to exploit and benefit from information technology. This condition must be corrected because:

- \* The Federal Government is heavily and irreversibly dependent upon effective application of information technology.
- \* Effective application of information technology can be a major force in the fight against inflation. It can increase productivity and performance, improve the delivery of services to the citizenry, and increase our nation's economic and military strength.
- \* The extraordinary pace of the development and confluence of communications computer text processing and graphics-and-display technologies is opening significant new opportunities for our society and Nation.

We believe that the Government must move quickly and positively to regain its old spirit and enthusiasm. Lyndon Johnson wrote a memorandum in 1966 that caught that spirit. It said: "The electronic computer is having a greater impact on what the Government does and how it does it than any other product of modern technology. . . . Its potential for good has been amply demonstrated, but it remains to be tapped in fuller measure. . . . I am determined that we take advantage of this technology by using it imaginatively to accomplish worthwhile purposes." <sup>1/</sup>

The challenge faced by the Federal Government is to recognize that the issues set forth so clearly in the 1960s are the same today. The problems have not changed, but the opportunities and economics of their solutions through the use of information technology have changed, and changed dramatically. In view of those changes, there is little excuse for not exploiting information technology for the good of our society in the future.

<sup>1/</sup> Quoted in Senate Report No. 938, dated October 22, 1965

5. Findings

The following have been selected from the full set of findings in the body of the team report; they are sufficient to characterize the situation as it exists today:

- A. The capabilities, performance, cost-effectiveness, and range of available information technology products continue to increase. The capability of a dollar's worth of computer hardware to store and process information has doubled approximately every two years since 1943; this continuing progression provides major opportunities to increase the strength of the Nation and to improve the delivery of services to its citizens.
- B. The confluence of communications, computing, text processing, display, and related technologies promises to bring about fundamental changes in the way we live and work within the next 10 years.
- C. The Federal Government has not obtained the leadership from OMB, GSA, and Commerce needed to employ current information technology to sustain and improve its service delivery and control its costs.
- D. In the area of information technology, the central agencies—OMB, GSA, and Commerce (NTIA and ICST)—are diffused in responsibilities and accountabilities and are inappropriately focused on procurement control rather than on leadership and service.
- E. The Standards Program for information technology within the Federal Government has not achieved the goals identified for it in BOB Circular A-71 (Responsibilities for the Administration and Management of ADP Activities) and in P.L. 89-306 (the Brooks Law).
- F. The nondefense sector of the Federal Government does not have an adequate research and development effort in information technology.
- G. There is a misguided preoccupation with the fear that the power of information technology will almost of necessity be used perversely to infringe upon the rights of citizens; as a result of this unjustified assumption, emphasis is being placed on limiting the technology to prevent abuse and identify anyone who tries to misuse these resources.
- H. The power structure within OMB is heavily tilted to the budget side. The management side is severely limited in resources and power.

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- I. GSA, OMB, and Commerce are showing evidence of change and renewed vitality. It is important to give all the "players" time to adjust to the new environment, new appointments, and new issues (e.g., E.O. 12046 establishing the National Telecommunications and Information Administration). There is evidence of sound planning, careful commitments and increasing collaboration on the part of a few principals who are willing to take the risks needed to obtain improvements.
  - J. Agency executives do not view information technology as a resource to be managed as other resources. Consequently, they are not involved in investment decisions regarding this technology and are leaving its management to technicians. Automation decisions are not based on ability to increase productivity or improve performance of overall agency missions.
  - K. The focus of existing policies and regulations governing information technology is mainly on the acquisition process rather than on the larger management issues of performance, productivity, effectiveness, and efficiency.
  - L. Data processing management is viewed as a special form of management. Consequently, program managers have little decision-making authority in any area where data processing is involved. The head of the largest Federal department, for example, can not approve the purchase of a piece of data processing equipment whose price exceeds \$50,000.
  - M. The House Government Operations Committee staff is the de facto manager of the acquisition of the Federal Government's information technology resources in the absence of leadership from OMB, GSA and Commerce.
6. Recommendations
- A. Structural
    - (1) Introduce a positive, nurturing force for information technology in the Federal Government to counteract the essentially negative, adversary environment existing today. Specifically:
      - \* Establish a Special Assistant to the President for Information Technology Policy, Plans, and Programs (ITP) to act as the senior advocate for information technology within the administration and to be responsible for foreseeing, understanding, and evaluating issues and for setting national and Federal goals for that technology.

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- \* Establish an Office for Information Resource Management (IRM) in OMB at the Executive Associate Director level. This office should have all of the OMB's current information technology responsibilities and authorities. The Executive Associate Director for IRM should be charged specifically and emphatically to generate and maintain a managerial cohesiveness with the GSA and Commerce and to foster the use of information technology to increase governmental productivity.
  - \* Establish an Information Resource Manager as an Assistant to the head of each department or agency to provide a positive, nurturing force promoting efficient and effective use of information technology throughout the department or agency and to serve as the link between the department or agency and the Federal Information Technology Council (as prescribed below).
  - \* Establish a Federal Information Technology Council with the Special Assistant for ITP as Chairperson, the head of the Office of IRM in OMB as co-chairperson, the IRMs of the departments and agencies as members, and selected individuals from the legislative and judicial branches as observers. This council is intended to be the main forum and workshop for establishing overall Government goals, policies, and directions in information technology.
- (2) By building on existing institutions, fulfill the concept of "Centers of Competence" in research, development and specialized assistance to the departments and agencies. Develop two centers, one to support the national security agencies including the Department of Defense (DOD) and the intelligence community, and another to support the civil agencies. This second center should be combined with the Institute for Computer Science and Technology, NBS in Commerce, and be responsible for standards as well as research, development, and specialized assistance. Organizationally, this new center should be removed from the National Bureau of Standards (NBS) and report directly to the appropriate Assistant Secretary in Commerce.
- (3) Continue the direction established in E.O. 12046 and take action to consolidate organizations dealing with the elements of information technology -- communications, computers and information. This will require some adjustments and/or realignments in GSA and Commerce. OMB realignment should follow naturally from the previous structural recommendations.

B. Management

- (1) Delegate more responsibility to program agencies. Place information technology decision-making responsibility in the hands of the program managers who have end item cost/performance accountability. Give these managers authority to make "best buy"

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decisions between alternate sources of services, both in the Government and the private sector, under the guidelines of full competition and requirements of OMB Circular A-76. Hold these managers accountable for results.

- (2) Use proven tools of management as a means of improving the Government's use of information technology. Specifically:
  - \* Require 5-year information technology plans that are coordinated with budget plans and agency programs. Base decisions on a proposal's ability to increase an agency's productivity, performance, or responsiveness. Use these plans to identify significant social/political issues early in the process.
  - \* Concentrate on developing performance and productivity measures, quality measures, and other measures of accountability. Tie these directly into the multi-year, zero base budget process. Provide for the monitoring of these measures and for their review as part of the overall budget process, both at the agency level and at the OMB level.
  - \* Require that information technology costs flow directly into end item (product or services) unit expense. Include all costs, direct and/or indirect, including appropriate allocation of long-term and capital costs. Place shared facilities on a full charge-out basis.
  - \* Evaluate facilities in terms of their unit costs of delivery of services to the programs they support. Compare these costs to comparable facilities in Government and in the private sector. Improve or close Federal facilities which do not compare favorably.
- (3) Require periodic assessments of the cost-effectiveness of installed information technology. Replace obsolete equipment that is no longer reliable and cost-effective.

#### C. Policy

- (1) Distinguish future-oriented policy making that has national and internal implications from policy that is focused upon management of ongoing Government operations and procurement of equipment and systems to support such operations. The former should be developed by the Special Assistant to the President; the latter by the Executive Associate Director, IRM, OMB.
- (2) Task OMB and GSA to replace immediately the current set of archaic procedures, regulations, and policies relating to information technology management and procurement with a rational, coherent approach stressing:

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- \* Longer-range planning
  - \* Agency accountability
  - \* Productivity/performance measures
  - \* Mission orientation
  - \* System life cost benefit analyses
- (3) Do not change P.L. 89-306, which continues to be a viable instrument of policy; current difficulties have been caused by the malimplementation process.
- (4) Revitalize the Standards Program. Translate the broad goals identified in P.L. 89-306 and A-71 into specific objectives. Develop cost-benefit analyses to determine the expected value of standards for meeting these objectives, fund and schedule their development, and implement those that show high return on investment. Provide a mechanism for enforcing these standards once established, including rewards for adherence and sanctions against failure to adhere to them.
- (5) Develop policies that will reward multi-agency use of information technology facilities where appropriate, and develop and promulgate a consistent method of identifying costs and collecting them back from users.
- (6) Organize the handling of long-term information technology policy issues under the Special Assistant to the President operating with the aid of the Federal Information Technology Council. Long-term policy issues that need more systematic or more vigorous treatment are:
- \* Privacy
  - \* Security
  - \* Constraints on international flow of information
  - \* Transfer of technology to the third world
  - \* Transfer of technology to economic and military competitors
  - \* Competition vs. monopoly, free enterprise vs. regulation
  - \* Compatibility in electronic message systems
  - \* Compatibility among "offices of the future"

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- \* "Computerized commerce"
  - \* A Federal common-user information network
  - \* A national common-user information network
  - \* United States initiatives in international networking
- (7) Develop an improved policy formulation process that incorporates: broad involvement by those affected; feasibility and cost-benefit analysis of the proposed policy; pilot testing before promulgation; Federal Information Technology Council concurrence; periodic evaluation of policy effectiveness.
- D. Research and Development
- (1) Establish, fund, and staff a research and development program in information technology for the nondefense sector of the Federal Government. The program should range from theoretical and laboratory work to prototype testing. At a minimum, the program should include:
- \* Advanced software techniques
  - \* Archival storage technology
  - \* Human factors analysis
  - \* Privacy
  - \* Security
  - \* Robustness
- (Robustness refers to the assurance of performance despite malfunctions and to the reduction of vulnerability to unintentional as well as intentional disruption of facilities.)
- (2) Assign this research and development program as part of the responsibilities under P.L. 89-306, via the Secretary of Commerce, to the Assistant Secretary for Science and Technology.

MINORITY POSITION

A difference of opinion occurred among members of this team regarding the recommendation to establish a Special Assistant to the President for Information Technology Policy, Plans and Programs. This difference was not resolved and consequently a minority position (Chapter 10) and a rejoinder (Chapter 11) was included.

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The minority recommendation is that the executive department's senior information technology official be within the Office of Management and Budget at the Executive Associate Director level. This Executive Associate Director should be responsible for evaluating information technology issues, setting Federal goals for information technology, fostering its use in the national interest and maintaining a managerial cohesiveness with GSA and the Department of Commerce. Additionally, this Executive Associate Director should chair the proposed Federal Information Technology Council. Finally, this directorate should have all of OMB's current information technology authorities and responsibilities.

To fully implement this recommendation, the following modifications to related recommendations are also required:

- o Structural. The Federal Information Technology Council would be chaired by the Executive Associate Director for Information Policy, OMB.
- o Policy. Both operational management policy and future-oriented policy would be the responsibility of the Executive Associate Director for Information Policy, OMB.

APPENDIX

Chapter III: FEDERAL DATA PROCESSING REORGANIZATION  
PROJECT STAFF

Project Management Group

Walter W. Haase, Project Director; Deputy Associate Director for Information Systems Policy, Office of Management and Budget;

Kenneth Allen, member of the Information Systems Policy Division of the Office of Management and Budget;

Ronald C. Bonig, Management Analyst, Office of Management Policy and Planning, Automated Data and Telecommunications Service, General Services Administration;

Gerald F. Chappel, Assistant to the Director, Office of Computer Services and Telecommunications Management, Department of Energy;

Rob Cooper, staff member of the Office of the Director of Data Automation, Office of the Secretary of Defense;

John P. McNicholas, Senior Policy Analyst, Office of Management and Budget;

Roxanne Williams, Director, Plans and Policy Division, Office of Operations and Finance, US Department of Agriculture;

Human Resources Team

Robbin R. Hough, Team Leader; Professor of Economics and Management, Oakland University;

J. Gary Augustson, Chief, User Services, Office of Computer Science, Office of the Secretary, Department of the Treasury;

John M. Daugherty, Lt. Colonel, U.S. Army. Team chief for Army Major Command Systems, Automation Directorate, Office of the Army Chief of Staff;

Gerald T. Hedlund, General Foods, Inc., Manager, EDP Operations and Systems Support for corporate data center;

Peter B. Henault, Director of Environmental Affairs, Seattle Department of Lighting;

David Hirschberg, U.S. Department of Commerce, Bureau of Economic Analysis;

National Security Team

E. L. Dreeman, Team Leader; Director, Corporate Information Services,  
The Coca-Cola Company;

Dave Brandin, Director of International Program Development--Information  
Service and Engineering at SRI International;

G. Buck Fernandez, NASA, Acting Assistant Director of Information Systems;

T. Pat Gorman, Principal Scientist (Computer Science), Franklin Institute  
Research Laboratories;

James F. May, Director, MIS Planning, CBS;

Richard Werling, Deputy Director, Budget Division, Agricultural Stabiliza-  
tion and Conservation Service;

Small Users Team

Herbert B. Pier, Team Leader; Director, Corporate and Organization Planning  
at Allstate Insurance Companies;

Donald Cohen, Chief, Advanced Accounting Systems Staff, ACTION;

William S. Kirby, Contract Specialist, National Science Foundation;

John Yankoviak, Chief, Plans and Policy for the Defense Logistics Agency  
ADP Program;

General Government Team

John J. Stucker, Team Leader; Director, Social and Behavioral Sciences  
Laboratory, and Associate Professor of Political Science, University of  
South Carolina;

Todd R. Balfanz, Director, Aetna Life and Casualty;

Robert E. Hammond, Staff Auditor, Office of the Inspector General, Veterans'  
Administration;

Felix Rausch, Branch Chief, Data Automation, FCC;

Science and Technology Team

Louis W. Haire, Team Leader; Corporate Director, Computer and Communications Planning, Lockheed Corporation, Burbank, California.

Charles W. Cross, Head, Scientific, Engineering and Laboratory Programs, Command, Control and Information Systems Division, OPNAV (Op 942); Department of the Navy;

Jesse H. Poore, Jr., Director of the Computing Center and Associate Professor of Mathematics, The Florida State University;

Acquisition Team

Harris G. Reiche, Team Leader; Director of ADP and Telecommunications Management, Department of the Interior;

James H. Burrows, Associate Director, Data Automation, U. S. Air Force;

Douglas A. Crone, Director, ADP Procurement Division, Automated Data and Telecommunications Service, General Services Administration;

William N. Hunter, Deputy Associate Administrator for Systems and Technology, Office of Federal Procurement Policy.

Robert S. Johnson, Vice President, Data Processing, Blue Cross of Massachusetts.

Blasdel A. Reardon, Corporate Director, Data Processing, Armco Steel Corporation, Middletown, Ohio;

Operational Management Team

Philip J. Kiviat, Team Leader; Technical Director, Federal Computer Performance Evaluation and Simulation Center;

Jerry R. Berry, Manager, Standards and Planning, Corporate Information Services, Tenneco, Inc.;

Thomas Giammo, Director of Division of Statistical Processing, Social Security Administration.

Donald A. Marchand, Associate Director, Bureau of Government Research and Service, and Assistant Professor in Government and International Studies, University of South Carolina;

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Standards Team

Paul Oliver, Team Leader; Director, Federal COBOL Compiler Testing Service, Department of the Navy, and Professor of Computer Science at American University.

Robert P. Blanc, Staff Assistant for Computer Utilization Programs in the Institute for Computer Sciences and Technology of the National Bureau of Standards;

David C. Gurtner, computer specialist, Department of Data Management, U.S. Veterans Administration;

Personnel Team

James B. McManama, Team Leader; Manager, Data Processing Center, City of Dayton, Ohio;

A. Ray Demarest, Chief, Federal Personnel Systems Management Division, Bureau of Personnel Management Information Systems, U.S. Civil Service Commission;

Israel Feldman, Director of Reports Analysis and Statistical Operations Division, Department of Housing and Urban Development; served as Chairman of the Interagency Committee on ADP;

Vincent C. Guidace, Chief, Engineering and Personnel Systems Division, Air Force Data Services Center;

David R. Skeen, Head, Computer Science Branch, Office of Civilian Personnel, Department of the Navy;

Stephen J. Stofko, ADP Manager, U. S. House of Representatives, House Information Systems;

Carol M. Vaughan, Chief, Training Branch, Systems Software Division, Bureau of the Census, Department of Commerce.

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Central Agencies Team

Charles R. (Dick) Hagener, Team Leader; Corporate Systems Department Manager;

Alton P. (Pete) Jensen, Principal Research Engineer;

J. C. R. Licklider, Professor of Electrical Engineering and Computer Science at MIT;

L. J. Riley, Brig. General, U.S. Army. Deputy Commanding General, USA Computer Systems Command;

Mirco Snidero, Director, Office of Management and Computer Systems, National Oceanic and Atmospheric Administration.

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APPENDIX D.—GENERAL ACCOUNTING OFFICE, LETTER FROM THE COMPTROLLER GENERAL WITH ENCLOSURES (MAR. 3, 1980)



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-182087

MAR 3 1980

The Honorable Jack Brooks  
Chairman, Subcommittee  
on Legislation and National  
Security  
Committee on Government Operations  
House of Representatives

Dear Mr. Chairman:

You submitted several written questions to us during our February 7, 1980, testimony on H.R. 6410, "The Paperwork Reduction Act of 1980." Our responses to those questions are provided in Enclosure I. You also requested that we provide examples of our assessment of executive agencies' performance in managing their information resources and activities in relation to potential benefits which might be achieved through implementation of H.R. 6410. These examples are contained in Enclosure II.

Additionally, you asked that we comment on some of the benefits which might reasonably be expected from implementing H.R. 6410. Our thoughts on this matter are outlined below.

We believe that the most important benefit from implementation of H.R. 6410 will be improvements in Federal information management. The need for such improvement is well documented in congressional hearings, the work of the Commission on Federal Paperwork, executive branch studies such as the President's Federal Data Processing Reorganization Project, and numerous GAO reports.

The significance of achieving improvements in Federal information management activities in terms of dollar expenditures can be readily seen by the Commission on Federal Paperwork's estimate that Federal paperwork costs more than \$100 billion a year. This estimate included both internal Federal Government costs and costs levied on all segments of our society by Federal information requirements.

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The Commission made no claim of great precision for this estimate and none was necessary. The fact is that our society has moved rapidly toward becoming an "information society". The Federal Government, because of its involvement in so many aspects of our citizens' lives, has become a major part of that information society. How well or how poorly the Federal Government manages its information activities, both internal and external, affects every one of our citizens.

We believe that effective implementation of H.R. 6410 will provide the basis for long-term improvement in every phase of Federal information management. It provides for the first time the statutory authority, the responsibility, and fixed accountability for Government-wide information management in the Office of Management and Budget (OMB). Some of the specific benefits in terms of management improvements which H.R. 6410 should provide include:

- a single control point for Federal information management policy and oversight;
- an end to fragmented responsibility for controlling Federal paperwork burdens on the public;
- visible and accountable officials for information management, both in OMB and in each agency;
- uniformity and consistency in policies for acquisition and management of advanced information technology;
- much needed visibility, authority, and accountability for statistical policy coordination and records management; and
- development and implementation of a long-needed Federal information locator system.

As I stated in my testimony, we believe that enactment of H.R. 6410 will mark the beginning of the long and arduous task to solve the many information management problems now existing. Successful performance of that task should result

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in improved information management and reduced paperwork burdens on the public fully justifying the relatively modest incremental costs associated with the bill.

Sincerely yours,

Signed Elmer B. Staats

Comptroller General  
of the United States

Enclosures - 2

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ENCLOSURE I

ENCLOSURE I

Questions for the Comptroller General  
on H.R. 6410

Question 1. I gather that you're not happy with the present information collection clearance structure, in which GAO clears the requests of independent regulatory agencies, OMB clears requests for most executive agencies, and certain other agencies clear requests that fall into specified areas, such as education. Could you go into more detail in your criticism of this structure?

Answer. The fundamental problem with the present structure is that it violates the basic management principle of clear designation of lines of authority, responsibility, and accountability. Simply stated, if you want to manage something to achieve results, you don't set up three or four different organizations with different guidelines to do the job.

As I outlined in my testimony, presently there are three agencies with one degree or another of "central" clearance authority for Federal information collection--OMB, GAO, and HEW. In reality, two additional organizations, the IRS because of its exemption from the Federal Reports Act, and the Office of Federal Statistical Policy and Standards in the Department of Commerce because of its Government-wide responsibility for statistical coordination, also have "central" clearance responsibilities. With the advent of the Department of Education, further fragmentation will result. This fragmented structure creates many problems. I will touch on only a few.

First, it creates difficulties in performing something as basic as compiling an inventory of all approved Federal reporting requirements. GAO has worked closely with OMB on this task and progress has been made, but the task is made unnecessarily difficult because each central agency has its own constantly-changing inventory of requirements and its own way of accounting for them. A single control point would greatly facilitate this task and provide one place where the Congress, the public, and other Federal agencies could look for a comprehensive inventory of Federal reporting and recordkeeping requirements.

Second, and closely related to the first point, the fragmented structure creates serious difficulties in trying to control duplicate information requests. Although GAO and the other central clearance agencies attempt to coordinate their efforts, the fragmented responsibility makes it very difficult to determine with any assurance whether a request submitted to one clearance agency duplicates something already cleared by another. Establishing a single central clearance agency and developing a Government-wide information locator system as provided in H.R. 6410 would greatly enhance the ability to control duplication.

Third, the fragmented structure creates jurisdictional problems in determining which of the central clearance agencies has authority to clear certain agencies' or certain types of requirements. For example, GAO cleared requirements of the Equal Employment Opportunity Commission (EEOC) for several years under agreement with OMB that EEOC was an independent regulatory agency. When the current Administration broadened the scope of EEOC's activities, it questioned the appropriateness of the earlier determination that EEOC's reports should be cleared by GAO.

The issue was eventually resolved by EEOC shifting to clearing its requirements through OMB, but this resolution took a great deal of work by GAO and OMB clearance and legal staff which could have been more productively spent on other matters. Establishing a single central clearance authority as called for by H.R. 6410 would avoid this type of nonproductive effort.

Fourth, the current fragmented clearance structure creates confusion for the Congress and the public in obtaining information and advice and in making their views known on issues and problems associated with Federal information-gathering activities. To illustrate, we frequently receive inquiries from Members of Congress, congressional committees, and the public about particular Federal information requirements. Frequently, these inquiries relate to requirements which have been or are being reviewed by OMB. The reverse is also a common occurrence.

Obviously, we refer such inquiries to OMB and they to us. Nevertheless the process is time consuming and could be handled more expeditiously if one agency had overall clearance responsibility.

A more fundamental problem here may be the image of a confused and excessively complicated bureaucracy created in the minds of our citizens who need help with a Federal information requirement. The burdens imposed by the requirements are frequently onerous by themselves. Being shifted from one agency to another to get a question answered only rubs salt in the wound.

Fifth, and finally, we have always believed that clearance of the independent regulatory agencies' proposed information requirements involves GAO in the day-to-day performance of executive activities in a manner inconsistent with our responsibilities for oversight and monitoring of such activities. We believe our limited resources could be more productively used to aid the Congress in controlling Federal paperwork burdens by our audits and reviews of Federal agencies' information-gathering practices and procedures rather than by our involvement in clearance reviews of the regulatory agencies' individual forms and questionnaires.

Question 2. General, you testified in support of including the statistical policy function in the new office. As you know, there has been some disagreement in the Executive Branch over where this function should be placed. In your opinion, is OMB the most logical location for this function?

Answer. Many factors must be taken into account in considering the best organizational placement for the vitally important statistical policy and coordination function. We believe some of the most critical ones include insuring that:

- the close relationships between the statistical policy function and the other information management activities addressed by H.R. 6410--especially paperwork burden control--are maintained and enhanced,
- stability is provided to allow for dealing with the long-term issues and problems involved in improving the decentralized Federal statistical system,
- sufficient stature is provided to enhance the necessary leadership role for planning and coordinating Government-wide statistical activities and to attract the highest quality personnel,
- the statistical policy unit is not burdened with operating responsibility best left to the statistical agencies,
- adequate resources are provided.

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We believe that moving the statistical policy function, currently in the Department of Commerce, to the new OMB office established by H.R. 6410 would meet these objectives and provides the most logical arrangement.

Question 3. H.R. 6410 does not prohibit the Director of OMB from assigning additional functions to the office. There is a possibility that inappropriate functions may be assigned to the office, which could lead to undermining the responsibilities assigned by this legislation. What criteria would you suggest be used by the Director in assigning any additional functions?

Answer. The functions assigned to the new OMB office provide for carrying out various policy and oversight responsibilities for Federal information management activities. These activities are all interrelated and, taken together, cover the entire information cycle from defining information requirements through records disposal.

We believe it would be unwise to assign any additional functions to the new office which are not directly related to information management activities. We also believe that care must be taken to insure that the office does not become tasked with day-to-day operational activities which should be performed by the individual agencies.

Question 4. Do you think that management of the information resource activities listed in the bill would be enhanced by the addition of regulatory reform functions to the Office of Federal Information Policy?

Answer. We do not believe that regulatory reform functions should be added to the Office of Federal Information Policy. As noted in my response to question 3 above, H.R. 6410 provides a foundation for the Federal Government to improve its overall information management activities. Although the collection, analysis, use, and dissemination of information is an important part of the Federal regulatory process, regulatory reform is a broader and somewhat different issue.

The relationship between the regulatory process and information management is reflected in OMB's existing Office of Regulatory and Information Policy. This Office, which we assume would provide the core staff for carrying out the overall information policy and oversight responsibilities

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called for by H.R. 6410, is currently charged with responsibility for several information management activities and for overseeing agencies' progress under Executive Order 12044, Improving Government Regulations.

We believe this organizational arrangement has worked well and have no basis for objecting to it. We would urge, however, that the new Office of Information Policy established by H.R. 6410 not be given added responsibilities of any type which could divert it from its basic mission of improving Federal information management.

Question 5. The success of the new office in meeting its responsibilities under this legislation will depend greatly on how successful it is in establishing the Federal Locator System. It is my understanding that OMB may delegate this responsibility to some other agency, such as DOD. What would be your view of such a transfer?

Answer. We would oppose delegating control of the development, design, and implementation of the locator system to an agency other than OMB. However, technical support in terms of system design, software development, data input, computer operation and so forth may have to be provided by other agencies.

The recently issued report of the Federal Information Locator System Task Force provides a detailed plan for developing and implementing a locator system. The plan provides that each agency would have responsibility for loading and maintaining data on its information requirements in accordance with uniform standards to be established by OMB. However, as far as we can determine, this report does not provide for delegation of system control to DOD or any other agency. Although we would have no problem with the delegation of the day-to-day computer operations of the system once it has been developed, central control must be maintained in OMB as a management responsibility to insure integrity and reliability of the system.

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ENCLOSURE II

ENCLOSURE II

Costs And Benefits Related  
To H.R. 6410

The cost estimate for the OMB Office of Federal Information Policy for fiscal year 1981 was determined as follows.

1. The average cost per position for OMB and OFPP according to the fiscal year 1980 budget was about \$54,000.
2. The estimated number of positions (120) for the Office of Federal Information Policy was
  - a. Reports clearance, burden reduction, and Paperwork Commission recommendation oversight 38
  - b. Statistical policy 40
  - c. ADP, telecommunications, and privacy 12  
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  - d. Estimated additional positions for records management oversight, locator system core staff, and to bolster other functions 30  
120Total Estimated Positions 120
3.  $\$54,000 \times 120 = \$6.5$  million for personnel
4. Estimated computer and support costs for Federal Information Locator System = \$1.5 million
5. Total Estimated Cost (3)+(4) = \$8 million
6. At least 80 of the positions are currently (FY80) funded. Work is also being carried out toward the development of the Locator System although the extent of the costs being incurred for the Locator System are unknown.  $\$54,000 \times 80 = \$4.3$  million
7. Net cost for the Office of Federal Information Policy = \$3.7 million

NOTE: Over half of the estimated \$8 million cost for fiscal year 1981 could be absorbed from existing authorizations.



The benefits to be derived from passage of H.R. 6410, will, to a great extent, result from improved policy setting, standards development, program evaluations, and oversight by the OMB Office of Federal Information Policy. Greater attention to managing information activities within the agencies should also result from the management structure being created under the bill. Thus, some benefits resulting from these actions can not be quantified but, nevertheless, the benefits will be substantial.

GAO has issued numerous reports dealing with a wide variety of information management issues. The examples provided below illustrate the problems identified and demonstrate opportunities for cost savings both within the Federal Government and for the private sector through more effective information management.

The Air Force Should Cancel Plans to  
Acquire Two Computer Systems at Most  
Bases (FGMSD-80-15; 10/26/79)

The Government could save hundreds of millions of dollars if the Air Force redirects its Phase IV computer system acquisition program. Phase IV is a computer system replacement program with estimated 20-year life cycle costs which exceed \$5 billion. GAO found that the Air Force's stated requirement for a minimum of two new computer systems, that can run the same computer program, at about 105 bases

- has never been justified as mission essential or operationally required,
- was established without developed or defined base-level user requirements, and
- would result in \$600 million to \$1 billion of additional cost over the 20-year expected life of the program.

The report recommends that the Air Force cancel its current request for proposals for the program and develop a simpler, more flexible request for proposals with functional performance requirements representing actual base-level operations and needs.

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Contracting for Computer Software  
Development--More Management Attention  
Could Avoid Wasting Additional Millions  
(FGMSD-80-4; 11/09/79)

Many Federal agencies have computer programs--called software in the data processing industry--developed by outside sources. These sources may be either private firms or other Federal agencies.

GAO examined nine cases of software development in detail. Eight had problems, but their overall performance cannot be taken as representative--some came to GAO's attention because they were failures. Nevertheless, the cases illustrated many of the same causes of difficulty that GAO had identified through a questionnaire study.

Only one of the nine cases yielded software that could be used as delivered. The combined total costs and development times of the nine cases increased from estimates of \$3.7 million and 10.8 years to actual cost of \$6.7 million and an actual duration of 20.5 years.

The report recommends that the National Bureau of Standards and the General Services Administration issue specific guidelines to assist Federal agencies in recognizing and dealing with the unique problems of contracting for software development.

Federal Paperwork: Its Impact  
on American Businesses  
(GGD-79-4; 11/17/78)

GAO reported to the Joint Economic Committee on the nature and extent of Federal reporting and recordkeeping requirements affecting private industry. According to Federal agency estimates, businesses take about 69 million hours annually at an estimated cost of over \$1 billion to respond to more than 2,100 reporting requirements approved by OMB and GAO. However, these requirements represent only the tip of the iceberg because about 78 percent of the Federal reporting requirements are exempt from clearance. Furthermore, the accuracy of the burden estimates provided by Federal agencies is unknown and questions regarding their accuracy need to be resolved.

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Even a small percentage reduction in the burden imposed would result in substantial savings to businesses and an added amount of savings to the Government by not having to collect or handle the information.

Millions In Savings Possible In  
Converting Programs from One Computer  
to Another (FGMSD-77-34; 9/15/77)

Frequently, computer programs must be converted to make them run on a computer different from the one for which they were originally devised. The annual Federal cost of such conversions was estimated at more than \$450 million. GAO estimated that about 24 percent--over \$100 million--could be avoided in today's environment. GAO identified a number of factors which tended to increase conversion costs but estimated that the costs could reasonably be reduced with good conversion planning and practices.

The report recommended that (1) OMB assist in establishing a Federal center for software conversion, (2) agency heads emphasize quality and standards in new software development, and (3) the National Bureau of Standards publish a set of programmer productivity aids for Government-wide use.

Better Information Management Policies  
Needed: A Study of Scientific and Technical  
Bibliographic Services (PSAD-79-62; 8/6/79)

Although the Federal Government spends billions of dollars to create, collect, and disseminate scientific and technical information, it pays little attention to information policies or how information activities are managed. GAO studied Government information centers providing bibliographic services to the scientific and technical community. It found evidence of duplication, proliferation of facilities, and inconsistent cost recovery practices. The vagueness of authorizing laws and function statements contributes to the duplication of services.

The report recommended that, where the Congress enacts legislation establishing information centers or clearing-houses, each act require the agency to use existing systems in the Federal agencies or the private sector at lesser cost to the extent possible. Also, the OMB Director should work with the executive departments to develop a clear policy of cost recovery consistent with applicable statutes and require the agencies to develop information on the cost of information services to serve as a basis for carrying out an effective cost recovery program.

An Informed Public Assures That Federal  
Agencies Will Better Comply With Freedom  
of Information/ Privacy Laws  
(LCD-80-8; 10/24/79)

Statement of Elmer B. Staats, Comptroller  
General of the United States, Before the  
Subcommittee on Legislation and National  
Security, Committee on Government Operations,  
House of Representatives, on H.R. 6410, "The  
Paperwork Reduction Act of 1980" (2/7/80)

Analysis of Department of Justice data on selected court cases arising because of agencies' denials of requests for records citing these laws showed:

- The monthly flow of new suits was continuing at a relatively stable rate;
- a substantial backlog of open cases was steadily accumulating; and
- when sued, agencies often released considerable information in records they had initially denied requesters.

Better policy guidance in advance of the litigation stage, complete with better communication of the results of cases, could reduce the necessity for future litigation, thereby improving implementation of the two laws and reducing litigation costs. Because the two laws were intended to complement each other on matters of public access to records, their administration within OMB would benefit from close coordination.

The Federal Information Processing Standards  
Program: Many Potential Benefits, Little  
Progress, And Many Problems  
(FGMSD-78-23; 4/19/78)

Federal agencies have become locked into suppliers of computers and services because essential automatic data processing standards have not been developed or agencies are not complying with present standards. As a result, potential savings available through competitive procurement are not being fully attained.

Conversions of computer programs are expensive; they now cost the Government an estimated \$450 million each year. An improved standards program will not achieve cost savings

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without good management, but it will offer the greatest impetus toward reducing conversion costs and promoting fully competitive procurements.

The report provides information on the types of standards most needed to achieve Government-wide economies and makes recommendations to improve the Federal automatic data processing standards program.

After Six Years, Legal Obstacles Continue  
To Restrict Government Use of the Standard  
Statistical Establishment List  
(GGD-79-17; 5/25/79)

The Bureau of the Census has developed the Standard Statistical Establishment List, a comprehensive list of businesses in the United States. Many Federal statistical agencies could use such information. But confidentiality laws prevent the Census Bureau from sharing List information with other agencies. Amendments to these laws would help improve the quality and comparability of economic statistics and reduce business response burden from numerous Federal statistical surveys.

Several reasons have been given for the recent delay in submitting legislation for congressional consideration. The Tax Reform Act of 1976 severely restricted the use of tax records by Federal agencies, even for statistical purposes. Also, the transfer of program responsibility from the Office of Management and Budget to the Commerce Department and limited staffing delayed work on the draft legislation. Finally, the Congress and the country were not generally receptive to relaxing confidentiality restrictions.

The report recommends that the Secretary of Commerce establish a priority date for submitting proposed legislative changes to the Congress.

APPENDIX E.—STATEMENTS SUBMITTED FOR THE  
RECORD



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FEB 27 1980

Legislation and National  
Security Subcommittee

**THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA**

1957 E Street, N.W. • Washington, D.C. 20006 • (202) 393-2040 • TWX: 710-955-1134 AGC AGTN

PAUL N. HOWARD, JR., *President*    IVAL R. CIANCHETTE, *Senior Vice President*    THOMAS E. DAILEY, *Vice President*  
CLIFF MORTENSEN, *Treasurer*    JAMES M. SPROUSE, *Executive Vice President*    HUBERT BEATTY, *Executive Director*

February 26, 1980

The Honorable Jack Brooks  
Chairman, Subcommittee on  
Legislation and National Security  
Committee on Government Operations  
Room B-373, Rayburn House Office Bldg.  
Washington, D.C. 20515

Dear Mr. Brooks:

Please accept this association's endorsement of testimony given this date to your committee on HR 6410, The Paperwork Reduction Act of 1980 by the Business Advisory Council on Federal Reports.

AGC is a long-time, active participant in BACFR. We are aware of the careful deliberation with which the BACFR testimony was prepared, as we participated in that process. We support HR 6410, but recommend some modifications.

Of special concern to AGC are the BACFR recommendations, which we support, that:

- a. All agencies be subject to central review.
- b. Review authority should not be delegated to originating agencies without clear evidence that the fox is prepared to guard the chickens. If such delegation is to be permitted, a residual final OMB accountability is essential.

We request that this letter be made a part of the hearing record on HR 6410.

Sincerely,

  
John C. Ellis  
Assistant Executive Director

JCE/dab

THE FULL SERVICE CONSTRUCTION ASSOCIATION FOR FULL SERVICE MEMBERS

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ENCOURAGING VOLUNTARY LEADERSHIP IN A CHANGING WORLD



*for h.m.  
Review*

Chamber of Commerce of the United States

HILTON DAVIS, VICE PRESIDENT  
LEGISLATIVE AND POLITICAL AFFAIRS

202-689-6140

WASHINGTON, D.C. 20062

MAR 19 1980

March 14, 1980

Legislation and National  
Security Subcommittee

RECEIVED

MAR 18 1980

HOUSE COMMITTEE ON  
GOVERNMENT OPERATIONS

The Honorable Jack Brooks  
Chairman  
Government Operations Committee  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Re: THE PAPERWORK REDUCTION ACT OF 1980 (H.R. 6410)

The Chamber of Commerce of the United States, representing over 94,000 members, strongly supports the Paperwork Reduction Act of 1980. It is essential to bringing under control the rampant growth of government paperwork, while contemporaneously developing guidelines which will insure that information is collected efficiently and with the least possible burden.

We support creation of the Office of Federal Information Policy within the Office of Management and Budget. Part of the reason paperwork grows almost unchecked is the failure to place responsibility for its control with any one person or office. The bill provides that the Director of the Office of Federal Information Policy will develop standards and provide consistency, guidance and support. If government agencies are unresponsive to their mandates, the Director is in a position to inform the Congress and public.

We are particularly pleased that H.R. 6410 requires that the Director consult with interested non-governmental persons in the development of rules and policies. This recognizes that parties affected by the burden can play a useful role in lessening the burden, and in helping assure that information collected is appropriate and necessary. We suggest this mandate be extended to rules, information requests, and procedures initiated by the federal agencies.

It is important that those who implement this legislation have a clear understanding of how to measure the paperwork requirements imposed on respondents. In this regard, it is necessary that the bill's definition of "burden" go beyond the collection, collating, typing and transporting of information. "Burden" should recognize that the respondent might be forced to collect information he would not otherwise collect, go through procedures not normally used, or specially adapt systems -- all to comply with an information request. These "second-level" burdens are not as obvious or as easy to compute as the cost of reproducing a document. They are, however, real and should be considered an integral cost of paperwork compliance.

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We strongly support the bill's concept of a Federal Locator System, defined as a type of cross index. If effectively used and supported, it can decrease duplication in information requests tremendously.

We agree that the Director should evaluate the agencies' informational practices, as provided in Section 3504 (b)(5). Additionally, this review should include an evaluation of the effect of the practices on recipients of the requests.

In Section 3504 (c)(2), we suggest the addition of the phrase, "in light of the burden placed on the respondent." Information almost always has some utility. The information should be tested to determine whether its benefits are outweighed by its costs.

We applaud provisions to improve privacy, confidentiality and disclosure standards. An agency receiving confidential information from another agency should be allowed to distribute that information only in accordance with the original agency's privacy policy unless its own policy is more restrictive, in which case the more restrictive policy should apply. We agree that the task of insuring privacy is of such critical importance that the involved agency should be required to permit participation by the business community and other affected groups.

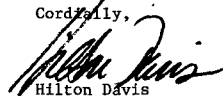
Regarding Section 3510(b), before any specific information is released from one agency to another, the organization it was collected from should be notified.

The Chamber, like the American public, is critically concerned with inflation and the role of government spending in it. Because of this concern we oppose new funding authorization for this bill. We suggest the Congress fight inflation, as well as paperwork, by funding this bill with monies from existing programs. For example, when the General Services Administration designs a work place layout for an agency, that agency pays GSA. Similarly when an agency benefits from this paperwork reduction program it should pay OMB.

Paperwork is an issue that cuts across all sectors of government and private industry. The time and cost of the paperwork burden can be crippling to businesses of all sizes. H.R. 6410 goes a long way toward reducing the cost and frustration of the paperwork problem.

We appreciate your considering our views and respectfully request that this statement be made a part of the hearings record.

Cordially,



Hilton Davis  
Vice President  
Legislative and Political Affairs

cc: Committee members  
William M. Jones  
John Duncan



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CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C. 20428

IN REPLY REFER TO: B-1-35

DEC 18 1979

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DEC 21 1979

DEC 19 1979

Honorable Jack Brooks  
Chairman  
Committee on Government Operations  
U.S. House of Representatives  
Washington, D.C. 20515

Legislation and National Security Subcommittee HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Dear Mr. Chairman:

The Board has reviewed H.R. 3570, the Paperwork and Redtape Reduction Act of 1979, as you requested.

The bill would amend the Federal Reports Act, and attempt to improve Federal information management by centralizing control responsibility and coordination. An Administrator for Federal Information Management Policy and a Federal Information Locator System would be created for this purpose.

The Board supports the approach of the bill as a good way to improve Federal information management by treating information as a resource, to be managed as such. We have recently reorganized our own system to streamline the information process, and to improve management of this resource. This helps us to review continuously our information needs and reporting requirements, from the viewpoint of the offices dealing directly with the information. It has reduced the Board's staff needs in this area, and will also ensure that cost-benefit analyses are included in decisions about the use of information and whether new reporting requirements are needed.

There are three especially beneficial aspects of H.R. 3570. It would consolidate all Federal information management functions under one senior official, thus providing a high level focus for the management of Federal information resources. Agencies would also be required to designate an

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~~Information manager~~ to coordinate information-gathering activities. Finally, a ~~Federal Information Locator System~~ has long been needed to prevent duplication of effort by the agencies and overlapping reporting burdens on the public.

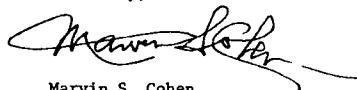
While we support the objectives of the bill, there appear to be several ~~problems~~ in the proposed changes in the application of the Federal Reports Act to independent regulatory agencies. In proposed sections 3505, 3506, and 3507, the Administrator is given authority to prohibit an agency from collecting information in certain circumstances. It is the agency, not the Administrator, that has responsibility for meeting the objectives of its organic statute, and the expertise to do so. As under proposed section 3509(a)(3), governing information collection requests, ~~an independent agency should be able to proceed despite the Administrator's decision, if necessary to meet its statutory obligations, as long as it publishes its reasons for so doing.~~

Also, proposed section 3510 would allow 60 days for the Administrator's review of agency proposals, with a 30-day extension possible at the Administrator's discretion. The present Federal Reports Act allows only 45 days. ~~Such an increase in the time period appears unnecessary.~~ It would tend to reduce the effectiveness of the Act, and would build further delays into the regulatory process.

Finally, one technical change should be made in proposed section 3509(b). That section states that the Administrator shall not approve information collection requests for longer than 2 years in duration, unless previously approved by the Director, Office of Management and Budget. ~~The section should be changed to include prior approvals by the General Accounting Office, which approves requests by independent agencies under the present Act.~~

I trust these comments are helpful in consideration of this bill. OMB has told us that these views do not represent the views of the Administration.

Sincerely,



Marvin S. Cohen  
Chairman

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Legislation and National  
Security Subcommittee



COMMODITY FUTURES TRADING COMMISSION  
2033 K Street, N.W., Washington, D.C. 20581

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AUG 29 1979

HOUSE COMMITTEE ON  
GOVERNMENT OPERATIONS

OFFICE OF  
THE GENERAL COUNSEL

August 27, 1979

Honorable Jack Brooks  
Chairman, Committee on Government Operations  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D. C. 20515

Dear Mr. Chairman:

As I stated to you in my letter of May 14, 1979, your letter of April 30, 1979 requesting comment on H.R. 3570, the "Paperwork and Redtape Reduction Act of 1979," has been referred to my Office for response.

We favor the goals of the bill to reduce the paperwork burden on the public imposed by federal agencies; to make more uniform guidelines and standards for evaluating the need for collection of information; and to establish a federal information locator system to assist federal agencies in determining, prior to requesting specific information from the public, whether any other agency already obtains such information. We do, however, question certain provisions of the bill, including certain of those which would basically subject information collection by independent regulatory agencies to the same oversight procedures to be applicable to information collection by executive departments, as more fully set forth below.

H.R. 3570 would, in proposed §3503, create an Office of Information Management Policy in the Office of Management and Budget, and, under proposed §3504, would transfer to the Administrator of that Office responsibility for setting federal information management policy. Proposed §3515 would make the authority of all federal agencies to promulgate reporting and recordkeeping requirements as well as conduct other information collection activities subject to the authority conferred on the Administrator by H.R. 3570.

Granting to a single administrator authority to oversee reporting and recordkeeping regulations promulgated by independent agencies, such as the Commission, pursuant to their particularized regulatory statutes has the potential to frustrate and interfere with their normal regulatory functions. Although proposed §3511(b) does provide that the Administrator may delegate the responsibility to approve collection of information to an agency, the Administrator may revoke that delegation at any time.

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In this connection, we are also concerned about the broad scope of information collection which could come under scrutiny of the Administrator. The definition in proposed §3502(5) of "collection of information" could be construed to include not only information gathered for statistical purposes, but also information necessary for an independent agency to perform its statutory functions and, perhaps, the agency's information gathering during enforcement proceedings. We believe that the current definition of "information" contained in 44 U.S.C. §3502 is sufficient. In this regard, it is the Commission's view that the present definition encompasses collection of statistical information and does not include information gathering required pursuant to regulatory functions, such as registration of commodity professionals and market surveillance. The exclusion of such regulatory information should be carried into the new law. <sup>1/</sup> Further, the proposed definition does not specifically exempt gathering of information for law enforcement purposes. Current regulations promulgated pursuant to 44 U.S.C. §3512(f) specifically exempt from the scope of General Accounting Office review "[c]ollection of evidence or other information in connection with litigation" and "quasi-judicial proceedings or formal or informal investigations undertaken with reference to particular individuals or entities" concerning violations of statutes, regulations or other requirements. 4 C.F.R. §§10.6(c)(4) and (c)(5). The proposed statutory definition of information collection should be modified to exclude from its purview information collected in connection with enforcement activities.

With regard to information collection for which approval of the Administrator is required, we do not understand the bill to differ significantly from the provision of present law which specifically provides that independent regulatory agencies ultimately decide whether there is a need to collect information. See 44 U.S.C. §3512(d). Proposed

<sup>1/</sup> Pursuant to the Federal Reports Act of 1942, as amended by Section 409(b) of the Trans-Alaska Pipeline Authorization Act, 44 U.S.C. §3512, the Commission submits to the Comptroller General for his review general questionnaires to be used by the Commission for statistical information gathering. The Commission has taken the position, which it believes correctly reflects the law, that forms that the Commission has adopted in the performance of its statutorily-mandated regulatory responsibilities—particularly those relating to registration, recordkeeping and reporting requirements under the Commodity Exchange Act—are not subject to the Comptroller General's review under the Federal Reports Act.

§3509(a)(3) would provide that by a two-thirds vote an independent regulatory agency, such as the Commission, could void a disapproval by the Administrator of its information collection request. But we are concerned that the bill might well interfere with the Commission's ability to gather statistical information on a timely basis.

Currently, the Comptroller General has 45 days to clear an independent regulatory agency's request for collection of information. If no action is taken by the Comptroller General in that period, the agency may collect the information. See 44 U.S.C. §3512(d). Moreover, regulations issued pursuant to 44 U.S.C. §3512(f) provide for faster clearance should an emergency exist. Proposed §3510 would expand the normal time allotted for clearance by the Administrator to 60 days. In addition, under the bill, that period could be extended by the Administrator for another 30 days if he determined the request to be sufficiently controversial or complex. If no word is forthcoming from the Administrator by the expiration of the time provided for clearance, his approval may be implied and the requesting agency may collect the information. Although the bill provides that agencies may ultimately collect information if no word is received, the doubling of the time for approval could effectively prevent the Commission from obtaining information promptly in particular instances. Thus, we believe that the bill should provide for expedited review by the Administrator at the request of the agency.

We are also concerned that the Commission's independent regulatory posture could be impaired by proposed §§3505 and 3506. Proposed §3505 would allow the Administrator, after investigation and hearing, to order that information requested by one agency, including an independent regulatory agency, be collected by another agency, subject to the limitations on inter-agency sharing of information imposed by non-disclosure laws. Proposed §3506 would prohibit an agency from enforcing a request for information the Administrator determines is to be collected by another agency. The Commission's mandate to supervise the nation's commodity futures markets requires that it receive information that it considers necessary. If another agency were directed to collect information for the Commission, it might well have different regulatory priorities and, perhaps, insufficient resources to enforce the Commission's requests for information. Independent regulatory agencies should retain the authority to collect information they deem essential to discharge their statutory responsibilities effectively.

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Finally, pursuant to proposed §3507, the Administrator could determine the necessity and practical utility of an agency's collection of information at the request of a party having a significant interest in the matter or upon the Administrator's own motion. That provision further provides that the Administrator may grant the agency and other interested persons an opportunity to be heard or submit written statements on the issue. We believe this procedure could result in protracted hearings that would undermine the reasons for requesting the information in the first instance. Moreover, we submit that, if such a determination is undertaken, the agency concerned should be notified and be permitted to participate as a matter of right in order to insure that the views of the body entrusted with protection of the public interest and effectuation of a particular Congressional scheme be heard.

In summary, we support the primary objectives of H.R. 3570-- reduction of the paperwork burden on the public and bringing greater uniformity to federal information management. However, these objectives must be balanced against the legitimate need of an independent regulatory agency to act on a timely basis in appropriate cases to gather information necessary to fulfill its statutory obligations.

Sincerely,

*John G. Gaine*  
John G. Gaine  
General Counsel

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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

MAR 4 1980

Legislation and National  
Security Subcommittee

MAR 4 1980

IN REPLY REFER TO:  
3700

Honorable Jack Brooks  
Chairman, Committee on Government Operations  
B-373 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

The staff of your Subcommittee on Legislation and National Security advised me informally that comments from the Federal Communications Commission would be welcome concerning H.R. 6410, the proposed Paperwork Reduction Act of 1980. I understand that the Subcommittee completed mark-up of H.R. 6410 last week, and thus I am addressing the following comments to the full Committee on Government Operations. I would appreciate the inclusion of this letter in the record. It should be noted that these comments are from the Commission's Office of General Counsel.

H.R. 6410 is intended to reduce the federal reporting and recordkeeping burden on the public and to improve federal information management. To this end, the bill would establish a separately funded office, within the Office of Management & Budget (OMB), to oversee federal agencies' information related activities. The Director of OMB would be granted extensive authority, through the new office, to ensure that the government collects the information it needs efficiently and maximizes that information's utility. While I am in agreement with the basic purposes of the bill, I would like to propose that several sections be clarified to ensure that independent regulatory agencies remain free from direct control by the Executive Branch.

The autonomy of independent agencies is affected because it is not possible to separate information management from substantive agency policymaking. Information gathering is essential to formulating policy, and a principal means of enforcing regulation is to verify compliance through information collection. As OMB's representative recognized in his statement before your Subcommittee, information management requires a balancing of the competing interests -- such as

societal needs, the burden on the public, privacy, and budget impact -- which are present in any agency program. Statement of Wayne Grandquist, OMB Associate Director for Management and Regulatory Policy on H.R. 6410 before the Subc. on Legislation and National Security of the House Committee on Government Operations, 96th Cong., 2nd Sess., (February 21, 1980). This balancing is the essence of regulatory policymaking, and to grant ultimate control over agency information policy to OMB could result in total loss of independent agencies' limited autonomy from the Executive Branch. For example, the Federal Communications Commission has adopted a substantive policy concerning equal employment opportunity among broadcast licensees that is almost entirely dependent upon collecting data from licensees on their employment practices. The power to prevent collection of that data could be used to prevent enforcement of the policy.

My concern centers on three sections of H.R. 6410's proposed new chapter 35 of Title 44, each of which would prohibit agency information collection without the approval of the OMB Director:

- §3507(a) provides that each agency (1) must submit its proposed information collection requests to OMB for review and (2) must receive the Director's approval before it collects the information;
- §3508 provides (1) that the Director has authority to hold a hearing on proposed information collection requests, (2) that certain standards may be used in reviewing those proposals, and (3) that an agency may not collect information if the Director determines that its collection is "unnecessary, for any reason;"
- §3509 provides (1) that if the Director determines that one agency could serve the information collection needs of two or more agencies, he may designate a single agency to collect the information, and (2) that an agency, under such a determination and not the designated collecting agency, would be prohibited from collecting the information for itself.

Section 3507(b) does contain a provision to protect the information gathering capabilities of independent regulatory agencies, but I am concerned that it is too limited in effect.



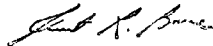
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Section 3507(b) provides only that an independent agency may void an adverse determination made under §3507(a) if a majority votes to override the Director's decision. Read literally, this protection would not extend to an adverse determination made under either §3508 or §3509. Such a reading may seem unlikely, but a court could conclude that Congress did not intend to allow an independent agency to void the Director's decision if it were made after a hearing pursuant to §3508. Or a court could conclude that once a single collecting agency is appointed under §3509, this determination precludes any other agency subject to that order from filing a request for that information under §3507(a). Accordingly, it is possible that the override provision of §3507(b) could be inadequate to prevent complete OMB control over independent agencies' information activities.

The ambiguity in these sections could be removed easily by placing the independent agency override protection contained in §3507(b) in a separate section that clearly would apply to §§3508 and 3509, as well as to §3507(a). The wording of subsection (b) could remain intact except that the words "under subsection (a)" should be deleted. In my opinion this would not expand the nature of the exception the drafters of the bill intended to create, and it would at least remove substantial uncertainty as to the bill's effect.

I have not addressed the rationale as to why independent regulatory agencies, such as the FCC, should not be under executive control, since the reasons vary with each agency's congressional mandate. It is arguable that the goals of efficiency and centralized accountability might now outweigh the factors which originally led to the designation of some federal agencies as "independent" from executive control. Nevertheless, any action revising the degree of agency independence should be closely examined in the context of each independent agency's mission. To redefine those relationships across the board in the name of paperwork reduction would be a very dangerous approach to regulatory reform.

Sincerely,



Robert R. Bruce  
General Counsel

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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

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FEB 25 1980

Legislation and National  
Security Subcommittee  
J. CHARLES PARTEE  
MEMBER OF THE BOARD

February 25, 1980

The Honorable Jack Brooks  
Chairman  
Subcommittee on Legislation and  
National Security  
Committee on Government Operations  
House of Representatives  
Washington, D. C. 20515

Dear Chairman Brooks:

I am glad to respond to the Subcommittee's request for comments from the Federal Reserve Board on H.R. 6410, the "Paperwork Reduction Act of 1980". I had previously presented the Board's views on S. 1411, the "Paperwork and Redtape Reduction Act of 1979", in testimony before the Senate Subcommittee on Federal Spending Practices and Open Government on November 1, 1979. While H.R. 6410 differs in some respects from S. 1411, the basic thrust of the bills is similar enough so that many of the Board's concerns with the earlier bill apply to this bill as well.

As I stated in November, the Board is sympathetic with the general objective of the bill--to reduce paperwork and to put effective controls on the process of imposing reporting and recordkeeping requirements on the public. Reporting burdens have grown sharply over the years and there can be no question of the need for stern discipline on agency reporting activities. As a matter of proper procedure, all statistical initiatives should be required to demonstrate (a) that there is a pressing need for every piece of information requested; (b) that there are no unnecessary duplicative collection efforts; (c) that information is asked for in the most efficient and least burdensome manner; and (d) that existing data sources, from whatever agency, have been utilized to the extent feasible.

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The Federal Reserve has endeavored to conduct its data collection efforts with this kind of discipline. Over the years we have strengthened and intensified our report controls. Since 1975, we have had in place a comprehensive system of clearance procedures. These procedures have been reviewed periodically, and, to the extent appropriate, changes in clearance standards promulgated by Executive Order or by OMB guidelines have been incorporated in our program.

Our program applies both to proposals for new reports and to all existing reports. Under the program, every Board reporting series is periodically reexamined on a zero-based approach to see whether it can be eliminated, cut-back with respect to contents or reporting panel, or otherwise improved with respect to reporting burden. Every Board report is subjected to critical review at several levels and must be justified in detail before it is adopted or renewed. We devote a substantial amount of resources to this program, which is coordinated at the senior staff level. Moreover, the program involves active participation by several members of the Board, and the final decision on all report proposals is made by the Board as a whole. We believe that our program for the control and review of reporting is one of the most comprehensive in the federal government, and that the program already incorporates both the essence and most particulars of the provisions of section 3506 on "Federal agency responsibilities".

We have had good success in recent years with the Board's program of reducing reporting burden. From the end of 1975 to mid-year 1979, we managed to reduce by almost 25 per cent the total number of items of information reported to us on all our reporting forms other than those directly related to the accounting for deposits subject to reserve requirements. (This total is measured by taking the number of items of information on each report multiplied by the number of respondents and the frequency of reporting within a year and then aggregated for all reports.) While this rate of net reduction probably cannot be sustained--given new legislation, new supervisory and monetary policy needs, and the fact that the first cycles of review of existing reports will always discover greater opportunities for reduction than subsequent cycles--the Board's clearance and review program will continue to ensure that reporting burdens are kept to the minimum consistent with the effective discharge of our monetary policy and supervisory responsibilities.

I have gone into our report clearance procedures at this length because the scope and success of these established procedures bear directly on a major feature of the bill--the proposed elimination of the Board's current exemption from OMB jurisdiction under the

Federal Reports Act. While our report clearance procedures have incorporated appropriate OMB clearance guidelines and standards, the reports collected by the Board from banking institutions that are used for supervisory purposes have been exempt since 1942 from submission to OMB for its approval under the Federal Reports Act. The banking supervisory reports of the Comptroller of the Currency and the FDIC also are exempt. The legislative history of the Federal Reports Act indicates that the exemption was intended to ensure that the Bureau of the Budget (OMB's predecessor) would not be able to prohibit the banking agencies from the independent collection of information with respect to the banks they supervise if they determined that the direct collection of such data was necessary for the discharge of their statutory responsibilities. Among the reasons for such treatment are (1) the sensitivity of much supervisory information and the integrity of the examination process; (2) the necessity at times of obtaining information quickly in response to urgent policy needs; (3) the highly technical content of much of the data that needs to be obtained; and (4) the fact that many of the data collection activities and recordkeeping requirements of the Federal banking agencies are based on specific statutory mandates.

The Board believes that the rationale underlying the current exemption of banking reports from submission to OMB remains operative. Retention of the exemption is necessary to ensure the continued and unhindered capability of the financial institution supervisory agencies to collect information they regard as essential for maintaining the soundness of the banking system. Moreover, the Board submits that, given our own rigorous report clearance and review procedures and our policy of incorporating OMB standards and guidelines as appropriate, continuation of the exemption will not result in any loss of effectiveness in report and burden control. In light of this, involving the Director of OMB, or the proposed Administrator of an Office of Federal Information Policy, in the clearance of reports collected from banking institutions would seem to serve no constructive purpose. At a minimum, such involvement would raise serious problems in view of the sensitivity of the data and would occasion delays that could interfere with the effective discharge of our responsibilities.

Let me illustrate the kind of policy problems that would arise with the removal of the current Board exemption. A major instrument of monetary policy is the setting of reserve requirements. For example, on October 6, 1979, the Board, as part of a series of measures designed to combat inflation and restrain credit, announced the application of marginal reserve requirements on member banks and U.S. branches and agencies of foreign banks. Because of financial

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market sensitivity and the operational needs of monetary policy, it was necessary that consideration of these changes in reserve requirements be conducted in great secrecy and that the changes be implemented promptly on announcement. The Board's October 6 action required new report forms and changes in existing forms to monitor and carry out the policy changes. There was no way that the Board could have cleared those reports through the Director of OMB without compromising the Board's policy action in one way or another. We could not have submitted them beforehand because of the extreme degree of confidentiality involved. Conversely, if we submitted them after the announcement of the policy action, the reports would not be ready for the timely distribution from the Reserve Banks to member banks required for effective implementation of the October action. The same problem would arise with many reserve requirement actions. In addition, there are many other developments that occur in the financial sector requiring prompt statistical inquiry--inquiry that would be hindered by our coverage under the bill.

I am aware that a section of the proposed bill (3507(b)) contains an "override" provision that would enable the Board, by a majority vote, to void the Director's disapproval of a proposed reporting requirement and that another section (3507(e)) would permit the Director under certain conditions, to "delegate . . . his power to approve proposed requests in specific program areas, for specific purposes or for all agency purposes" to the senior official designated by the agency "to carry out the responsibilities of the agency" as required in section 3506(b). But neither of these provisions is a workable substitute for the continuation of the current exemption.

The exercise of the "override" provision could involve a significant lapse of time since some of the specified procedures for submitting a request to the Director may be quite time consuming and, in addition, the Director is given up to 90 days to render his decision. Such delays could, in crucial policy areas, interfere unduly with the Board in the discharge of its responsibilities and make the override provision a meaningless procedure. The purposes of the proposed legislation could be better served by continuing the present exemption of the Board but requiring that all Board report actions be approved by the Board.

Similarly, the "delegation" provision as worded would not provide the necessary flexibility. The delegation would be made to a staff member not to the Board. As previously stated, the Board itself makes the final clearance evaluation and decision on all reports. Delegating clearance authority to a staff member is inconsistent with present Board policy and would be an unwarranted interference in the execution of the Board's responsibilities. Further, the conditions for delegation--"if the Director finds that (the) official . . . has independence from any program responsibility and

has sufficient resources. . .--and the requirement that the "official. . . shall comply fully with the rules and regulations promulgated by the Director" are too restrictive and would also constitute undue interference by the Director in the internal administration of the Board. Moreover, use of the delegation provision would be at the discretion of the Director and there is no certainty as to whether or how it would be utilized.

Several other provisions of the bill are inappropriate for application to the Board. H.R. 6410 would grant authority to the Director in terms so broad as to raise concern that it might result in unwarranted interference with the Board's statutory responsibilities. For example, under section 3518, the Board's authority "under any other law to prescribe policies, rules, regulations, procedures and forms for Federal information activities" would be "subject to the authority conferred on the Director". It seems clear to us that this provision goes beyond a reasonable grant of authority consistent with the specific purposes of the legislation.

There are other provisions of the bill that also appear inconsistent with the Board's independent status under the Federal Reserve Act. For example, several provisions of section 3504 and section 3513(a) could be regarded as giving the Director some responsibility for setting and evaluating certain aspects of budget and management policies for all agencies covered by the bill. This could interfere with the Board's exercise of its exclusive authority under the Federal Reserve Act to control its internal operations. Similarly, section 3515(b) appears to be extremely broad with respect to the Director's access to information and records in the Board's possession. As worded, these sections will likely give rise to problems more serious than those they are intended to solve. Section 3504(c)(2) would substitute the Director's judgment for the Board's judgment in "determining whether the collection of information is necessary for the proper performance of the (Board's) functions". This is not consistent with statutory authority granted to the Board.

There are several specific provisions with respect to privacy and the availability of data that are of some concern. Although section 3510 does not purport to impose restrictions on the sharing of data between agencies, there is a possibility that such restrictions could be imposed by the Director under section 3504(f). That section states that the privacy functions of the Director shall include "overseeing the development of the promulgating policies, principles, standards, and guidelines on information disclosure and confidentiality. . . ."

Unless the scope of this provision is clarified and restricted, policies promulgated pursuant to this provision could conceivably interfere with the Board's ability to share necessary information concerning the safety and soundness of financial institutions with the other federal financial institution supervisory agencies. These policies also could jeopardize the referral of evidence of criminal violations of law obtained during the course of a bank examination to the Department of Justice, as authorized by the Right to Financial Privacy Act, (See 12 U.S.C. § 3412(a) and (d)). In addition, we are concerned that the language of section 3504 could be construed to apply to confidential financial transaction data handled by the Federal Reserve Banks. To the extent that Congress believes that measures are necessary to ensure confidentiality of such data, we believe that it should be accomplished through specific legislation and not by the Director.

In light of the problems that would be entailed in the application of the bill to the Board and in light of our commitment to rigorous clearance procedures of our own, the subcommittee may wish to consider as a substitute for removal of our exemption a provision requiring exempted agencies to establish appropriate report clearance and approval procedures that are consistent with the general purposes of the bill.

I would like also to comment on the provisions of the bill providing for a Federal Information Locator System to be established within one year. The bill requires all agencies to submit in a form specified by the Director descriptive material on all information requests for inclusion in the System. The use of the System is mandated as a necessary part of report clearance procedures and each agency is obligated to establish procedures to ensure compliance with the requirements of the System. We have had some experience in related types of procedures for the description and specification of banking data, though of course not on the scale mandated here. On the basis of our experience, it appears that development of a federal information locator system as comprehensive as that called for by the bill will be an extremely complicated task. The characteristics of a workable system and the ways in which it would prove most useful in the report clearance process may well be quite different from what is envisaged now. We have been concerned with the enormous costs and difficulties involved in designing a comprehensive system and in trying to force different kinds of data into a standard format.

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In this circumstance, we believe that the provisions for the System might better be stated in more general, tentative and experimental terms. Considerable developmental work seems called for before such a sweeping and costly system is mandated, even with the one-year delay provided in the bill. For example, further experimental work is needed to determine if the system would be cost-effective in achieving its stated functions, to investigate whether it might be more feasible to have separate systems for different families of statistics that could be tailored to the characteristics of each family, and to experiment with alternative approaches to a practical operational system. Consequently, the requirements that each agency insert into the locator system "a data profile for each information collection request of each agency" and that each agency ensure compliance with the system seem to me quite premature.

I would be pleased to answer any additional questions the Committee may have, and to make the Board's staff available for technical discussions with the staff of your Subcommittee.

Sincerely



J. Charles Partee



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OFFICE OF  
THE CHAIRMAN

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FEB 29 1980

Congressman Jack Brooks  
Chairman, Committee on Government Operations  
United States House of Representatives  
Washington, D.C. 20510

Re: H.R. 6410 - "The Paperwork Reduction Act of 1980"

Dear Mr. Chairman:

The Commission is pleased to comment on H.R. 6410, "The Paperwork Reduction Act of 1980" ("the Bill"). We strongly support the goal of reducing the paperwork and reporting burdens on the public. Responding to legitimate expressions of concern from the business community, many of the Commission's recent regulatory initiatives have been designed to reduce these kinds of burdens, especially on small firms. <sup>1/</sup> Thus, we fully support the provisions of the Bill dealing with inter-agency cooperation and coordination as appropriate means of pursuing these goals.

We have serious concerns, however, about the provisions of the Bill that would establish a system of review of the Commission's information collection actions by the Office of Management and Budget. These provisions would be inconsistent with the often stated Congressional desire to preserve the Commission's policy-making independence, and could impose burdens and delays on the

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<sup>1/</sup> As just one example, the Commission recently simplified registration and reporting procedures for small businesses through the adoption of Form S-18. This form is available to certain domestic and Canadian corporate issuers who are not subject to the Commission's continuous reporting requirements for the registration of securities to be sold for cash not exceeding an aggregate offering price of \$5 million. The form calls for less narrative and financial disclosure than Form S-1, the standard registration form. The form may be filed with the regional offices of the Commission, in order to facilitate handling for the issuer. Also, pursuant to corresponding amendments to Form 10-K (the annual report for certain publicly-held companies under the Securities Exchange Act of 1934), issuers may include in their initial annual report information substantially similar to that included in their Form S-18 registration statement.

administrative process that outweigh any possible benefits. Moreover, these provisions are needlessly vague in certain respects, and might be construed to establish a basis for persons subject to our jurisdiction to disregard or delay essential filing and reporting requirements mandated or authorized by Congress. Unless the Bill is changed to meet these concerns, we cannot support its adoption. In his testimony last November before the Senate Governmental Affairs Committee on S. 1411, a similar version of this Bill, Commissioner Evans discussed many of the reasons for the Commission's position, and our comments here will largely restate his testimony.

At the outset, we must emphasize that "information collection" by government agencies serves many different purposes. Some information is collected purely for research purposes, perhaps with a view toward consideration of future legislation, rulemaking or other administrative action. Other information is collected from regulated entities for use in enforcing existing law, and to assure that such entities are not conducting themselves in a manner inconsistent with the public interest. Finally — and perhaps of most importance to the Commission — information is collected that forms the basis for disclosure to the public. For example, filings pursuant to the federal securities laws by issuers of securities are designed for use by persons making investment decisions.

Congress has made the determination that the public is entitled to complete and accurate disclosure of material information in order to make informed investment decisions. In collecting information disclosed by issuers, and by persons subject to our regulatory jurisdiction, the Commission is assuring that this information is publicly available, and to a large degree serves simply as a repository for data that is intended for the use of the investing public.

In our view, the definition of "collection of information" in the Federal Reports Act under current law is limited to collection for statistical purposes, and does not authorize review of disclosure or enforcement related information gathering. <sup>2/</sup> By contrast, the

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<sup>2/</sup> Although the current statutory language is somewhat ambiguous, the legislative history of the Act makes plain that the scope of

(footnote continued)

definition of "collection of information" in Section 3502 of this Bill, which makes any request for information to ten or more persons in a standard form subject to the approval provisions of the Bill, appears to be far more extensive. This expansion of the scope of the Federal Reports Act is of major concern to us. We do not think that the purpose of the Bill is, or should be, to subject the Commission's disclosure and enforcement efforts to oversight by the Office of Management and Budget. We do not believe, for example, that OMB should determine whether information about possible self-dealing between corporate officers and the company ought to be disclosed in a proxy statement. The definition of "collection of information" is so broad, however, that it could be read as encompassing this information, which is collected on standard, statutorily authorized forms. To take another example, in the course of an enforcement action or an investigation of possible violations of the securities laws, the Commission staff might pose identical questions, in written form, to more than ten persons. Read literally, the Bill would require submission of these interrogatories to OMB for approval. The disruption of important Commission activities that could result is obvious.

The over-broad definition of "information collection" is the basis of our fundamental concern about the possible impact of the Bill. An independent regulatory agency like the Commission is currently not, and should not be, subject to policy or procedure

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2/ (footnote continued)

the Act is relatively narrow. Accordingly, the Commission has taken the position that, within the meaning of the Federal Reports Act, the Commission does not "conduct or sponsor the collection of information" in connection with the Commission's implementation of the disclosure requirements of the federal securities laws, in connection with the exercise of the Commission's regulatory responsibility or, generally, in connection with the Commission's enforcement activities. On the other hand, to the extent that the Commission gathers information having primarily statistical significance, the Commission has always recognized its responsibilities under the Federal Reports Act.

review by the Executive Branch. But on this very point, the Bill would create substantial confusion. Section 3507 would prohibit an agency from using a standard form for information collection unless the Administrator of the Office of Federal Information Management Policy has approved the proposed information collection request. The need to preserve some agency independence is recognized by providing in subsection (b) that an independent agency can override the Administrator's decision. On the other hand, Section 3508, with no provision authorizing the agency to override his decision, could be read to allow the Administrator, on his own motion, to prohibit absolutely any information collection activity that he finds "unnecessary, for any reason," or that it does not have a "practical utility" to the agency. The relationship between proposed Sections 3507 and 3508 is, at best, difficult to understand. <sup>3/</sup> The extensive and apparently unlimited review power given to OMB under Section 3508 could seem to make the protections afforded by Section 3507 relatively meaningless.

Moreover, the standards in Section 3508 demonstrate that it should not apply to the Commission's requirements for disclosure to the public. These standards are based on the Government's need for the information. But Commission disclosures are based on the need of the public for the information; the information does not have "practical utility" to the Commission, but rather to the public.

There are a number of both practical and policy-related difficulties with the sort of review authority given by Section 3508 to OMB. It is unlikely that the Administrator of the Office of Federal Information Management policy would be an expert - or even particularly familiar - with the field of securities regulation.

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<sup>3/</sup> Section 3508 can be read as setting forth the standards to be used by the Administrator in considering an information collection requested, and not to affect the authority of the agency, given in Section 3507, to override a decision by the Administrator to disapprove that request. The discussion which follows is based in large part on the assumption that Section 3508 is not conditioned by Section 3507.

Yet any judgment as to the need for information collected can be considered only in the context of the agency's full regulatory program. The Administrator could not develop the expertise necessary to make such judgments unless he assembled a large staff. Even then, that staff could not obtain the day-to-day experience with the workings of the securities industry, and with the ongoing administration of the federal securities laws and rules thereunder, that should form the basis of any judgments about the "necessity" of disclosure and regulatory proposals.

By allowing the Administrator, under the supervision of the White House, to second-guess decisions about the need for information collection, and possibly overrule them on grounds unrelated to investor protection, the Commission's independence as a regulatory agency would be inappropriately impaired. We note that OMB's power under the Bill is extremely expansive. Section 3508 permits the Administrator to base his decision both on the need for the information and its "utility" for the agency. OMB is given rule-making authority to carry out its supervisory functions in Section 3516. And Sections 3518 provides that the Administrator's authority under the Bill supersedes existing laws and regulations to the extent that any conflict arises. The dangers posed by this sort of oversight power are particularly significant in the Commission's case, since, as noted above, information collection is the basic means of assuring full disclosure of material corporate information, which is the Commission's primary statutory responsibility.

Moreover, we do not believe that such review would provide any redeeming benefits. Although designed to streamline the government process, the Bill paradoxically sets up an additional layer of inter-agency review that would create additional paperwork and delays in implementing or continuing regulatory programs. The Commission usually receives comment from the public on the collection burden in response to the initial proposal of disclosure rules, and a subsequent hearing would just be unnecessary duplication. In addition, there could be judicial review of the Administrator's decision, which also would contribute to disruption and delay. Since approval by the Administrator has only a two or three year duration, this burden

would be compounded as agencies continuously submit and resubmit their rules and requirements for approval. <sup>4/</sup>

The Commission is also concerned that Section 3512 appears to allow a reporting entity to refuse to provide information to the Commission unless the collection of the information has been authorized under the standards set forth in the Bill. Such a provision is likely to encourage non-compliance or delay in fulfilling important regulatory obligations under the pretext of raising technical or procedural deficiencies in the approval process. The federal courts would be forced to decide these disputes, adding unnecessarily to their dockets. And again, we must emphasize that the Commission's statutory responsibilities often depend on information collection.

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<sup>4/</sup> Perhaps our concerns on this point can be illustrated best through an example. The Commission recently adopted new simplified registration and reporting obligations for small businesses through Form S-18. Among other things, this form requires disclosure through a description of the company's properties, its business, legal proceedings in which it is involved, etc. Under the Bill, this form would be reviewed by OMB. Upon submission, the Administrator might simply approve the request, thereby confirming the Commission's judgment. This would merely constitute a delay in the Commission's rule-making effort. On the other hand, he could decide that such information is not sufficiently material to investors to warrant the reporting burden. We submit that the latter sort of judgment is a securities law question, not a paperwork question, and is one that the Administrator should not be empowered to make. Of course, our concern here would be alleviated if both Sections 3507 and 3508 make clear that independent agencies can override the Administrator's decision. But, then, what would the Bill accomplish, other than delay and additional administrative burdens and expense, (which, incidentally, will be paid by the taxpayers)? If the only relevant input from OMB is whether the information can be obtained elsewhere, with less burden on the public, this can be done through less cumbersome and disruptive channels.

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In conclusion, it is our belief that although H.R. 6410 may make sense as a Bill intended to apply to research-type statistical data, it makes little sense as it applies to information that is disclosure or enforcement oriented, or to the reporting obligations of regulated industries imposed by statute. Accordingly, we strongly recommend that the Bill be amended to narrow the definition of "collection of information" to exclude reporting required in connection with statutorily-authorized regulatory, enforcement or oversight efforts. 5/ In any event, Section 3508 should be revised to permit explicitly an agency to override the Administrator's decision to prohibit certain information collection activities, along the same lines as Section 3507, and Section 3512, dealing with refusal to provide information, should be deleted from the Bill entirely.

We appreciate this opportunity to present the views of the Commission on this Bill. We hope that these comments have been useful to your Committee. The views expressed here are those of the Commission, and do not necessarily represent the views of the Administration. A copy of this letter is being submitted simultaneously to the Office of Management and Budget, and we will inform you of any further advice received from the office concerning the views of the Administration.

Sincerely,

/s/

Harold M. Williams  
Chairman

cc: Mr. Bernard Martin  
Office of Management and Budget

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5/ At the very least, the Bill should make clear that traditional enforcement activities — gathering information or evidence pursuant to a subpoena or other process in the course of an investigatory, adjudicatory or judicial proceeding — are outside the scope of the proposal. See 4 C.F.R. §10.6(c)(4), (5) (8) (GAO regulations exempting enforcement related information collection).

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STATEMENT OF  
EDWARD J. HANLEY  
DEPUTY ASSISTANT ADMINISTRATOR  
FOR MANAGEMENT AND AGENCY SERVICES  
U.S. ENVIRONMENTAL PROTECTION AGENCY  
BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND  
NATIONAL SECURITY  
OF THE  
COMMITTEE ON GOVERNMENT OPERATIONS  
U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 21, 1980

Mr. Chairman and members of the Subcommittee, I am Edward J. Hanley, Deputy Assistant Administrator for Management and Agency Services of the U.S. Environmental Protection Agency. I welcome the opportunity to meet with you to discuss generally HR 6410, "The Paperwork Reduction Act of 1980" and, more specifically, EPA's experience in the area of information collection and management. Let me note at the outset that my responsibilities in EPA include the development and management of the systems and resources we use to store, process and manage the information that EPA needs to fulfill its mission.

Information about the environment and the effects on the environment of specific substances and activities is an absolutely essential resource for EPA. We cannot implement and enforce the environmental protection laws of this nation without extensive data collection and analysis. At the same time, we are well aware of the time and monetary requirements that are placed upon the public -- both private citizens and business



organizations -- by the sum total of EPA and other government information requirements. For this reason, we support the general intent of HR 6410 and, in particular, we endorse the effort reflected in the bill to clarify accountability within the Executive Branch for controlling the paperwork and reporting burden imposed by Federal activities. We also endorse the notion reflected in HR 6410 that the issues concerning Federal reporting and paperwork must be addressed as part of a larger context that also encompasses the processing and management of information once it has been gathered.

At the same time, there are certain provisions of HR 6410 that may actually undo some of EPA's recent efforts to control the cost and effectiveness of our information collection activities and to strengthen information management within the Agency. In fact, certain provisions of the bill would, in our view, actually confuse rather than clarify Agency accountability.

To explain, I would like to first very briefly describe EPA's information collection activities. Then I shall discuss the initiatives we have taken to control the cost of these activities and, equally important, to organize and use the information efficiently once we have it. I think it will then be clear that EPA is committed to the goals of HR 6410 and why we believe that certain specific changes would further these goals.

EPA collects information for several purposes. First, in order to develop the regulations mandated by Federal statutes, we must gather data about sources of both conventional pollutants and the more dangerous toxic substances and other hazardous materials. We must also gather data about the behavior and effects of these substances once they are released into the environment. In most cases, EPA's information gathering activities for regulation development are in the form of special studies and do not result in substantial direct costs to private citizens and businesses.

EPA also has responsibility for responding to a variety of environmental disasters, including spills of toxic and hazardous materials. In such cases, EPA must collect data from sources that include local citizens and businesses, to determine the extent and source of the disaster. Again, the direct cost to the public is minimal since most such data gathering is performed by EPA and state and local employees or by persons under contract to these agencies.

Finally, we conduct two types of environmental monitoring. With assistance from state and local governments, we monitor the ambient conditions of the air and water to determine the level of specific substances known to be a hazard to human health. This ambient monitoring information is essential for

both the Administrator and the Congress to determine whether environmental protection statutes and programs are having the desired effect. In the main, our ambient monitoring networks are operated using government funds and do not result in major direct costs to the public.

Finally, EPA monitors specific, regulated sources of pollution to determine whether they are in compliance with the permits issued by EPA, as required by various Federal statutes. These permits typically specify the amount and type of pollutant a given source or group of sources may release into the environment. Compliance monitoring obviously is essential if we are to enforce the Federal statutes and EPA regulations pursuant to these statutes. Compliance monitoring typically does impose a direct economic burden since most such monitoring is accomplished through regulations requiring permittees to self-monitor and report the results on a regular basis.

Now, I would like to briefly describe how EPA controls the quality and cost of its information gathering activities, particularly the compliance monitoring activities that impose a direct cost on the private sector. Administrator Costle, both as the head of EPA and in his role as the Chairman of the Regulatory Council, has placed great emphasis on the government's responsibility to weigh both the costs and benefits of

regulations and to seek the least costly regulatory method that satisfied the intent and requirements of the Federal statutes. In EPA we have established a formal regulation development process that controls the development and issuance of all regulations. Our Steering Committee staff is responsible for ensuring that proposed regulations presented for approval by the Administrator are accompanied by a careful, statistically valid analysis of costs, including reporting costs.

The reporting costs imposed on the private sector by EPA are a function of EPA's regulation development process. We established the Steering Committee process and staff to control the quality and cost of our regulations. It is only logical, we believe, to also assign to the Steering Committee staff the responsibility for controlling the quality and cost of the reporting requirements that are established by our regulations. Therefore, EPA's statistical policy function was assigned to the Steering Committee staff nearly two years ago. More recently, we transferred the reports clearance function to this same staff as a further step in strengthening our controls over the cost of EPA regulations.

EPA also has taken a series of steps to improve the information collection directly performed or financed by EPA and to strengthen our management and use of information once we have

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obtained it. I began this statement by saying that information is a vital resource to EPA. As can be seen from my description of our data collection activities, EPA's major functions of regulation development and enforcement are both highly dependent upon the collection and use of increasingly large amounts of very complex information. We estimate that at present, EPA spends in excess of \$150 million annually to gather and analyze information.

In years past, some very serious questions were raised about EPA's monitoring and other major information systems. The critics, who included both OMB and GAO, challenged whether and how effectively EPA was managing its information resources. Immediately upon coming into office, Administrator Costle posed the same questions. More importantly, Mr. Costle insisted on obtaining answers to some very penetrating questions about the environment and the effects of EPA's programs to protect the environment. After all, the first and most important measure of any information system is whether it produces useful data.

To obtain answers to these questions, Administrator Costle initiated a series of studies to determine the scientific and statistical quality of EPA's existing environmental monitoring

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programs. Based on this study, Mr. Costle issued a policy requiring that all EPA programs conducting environmental monitoring must submit plans for adherence to specific scientific and statistical standards of quality in the collection and analysis of data.

Mr. Costle then directed a thorough review of EPA's expenditures for monitoring and other information resources and the management of these resources. This review showed that, while EPA spends over \$150 million annually to collect and process data, the Agency did not have the management controls to ensure that this investment was tied to program priorities or to measure performance of major information systems. The review also showed that EPA lacked the critical mass of information specialists to design and manage vitally needed systems and resources.

To illustrate, we found that EPA had become so dependent upon contractors to develop and operate major information systems that, in effect, we were hiring contractors to tell us what we need, to provide it, and then tell us if we had what we needed. On average, private industry relies on contractors for less than 20% of its information systems work; the average for the Federal government is about 30%. EPA, however, was over 50% reliant on contractors and headed for 80% in FY 1981.

Actually, our contractors have performed quite well. The problem is that contractors cannot ensure senior management attention to the policy issues that are an essential part of defining information needs and developing any major information system. Equally important, contractors cannot achieve the integration of information systems (and therefore policy) across organizational and program lines which is essential in any Federal agency, especially EPA.

Based on this analysis of our internal information management capacity, Mr. Costle initiated a number of reforms. Specifically, he has:

- Established a standing committee of Deputy Assistant Administrators, the top career level in EPA, to oversee all Agency monitoring and information programs. This committee, which has been assigned a permanent staff of senior analysts, has authority to review and approve all EPA monitoring and information systems, including redirecting resources where necessary.
- Directed the establishment of a separate zero-based budgeting process for all information systems expenditures.
- Directed the establishment of a clearinghouse for all EPA data collections and information

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systems, to provide a data base for use in integrating existing, redundant systems and preventing duplicative data systems in the future.

- Required a formal audit of all major EPA information systems every three to five years, including a specific determination as to whether each system is still needed.

EPA recognizes that policy directives and good intentions are not enough. During FY 1980, the Agency has redirected positions from within our base to triple the size of our central information management staff. In addition, the President's budget for FY 1981 asks for further increases to be added to the resources reprogrammed from our base. As a result, we have stopped the trend of increasing reliance on contractors and plan to substantially reduce this reliance in the future.

Finally, Mr. Costle has directed the standing committee to report to him by the end of this fiscal year on the best way to organize the internal information management responsibilities within EPA. The directions given to the staff preparing this organizational proposal are in line with HR 6410, with one important exception -- we had not planned to combine both the reports clearance/statistical policy functions and the ADP and related information management functions in one unit.



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This brings me to our first concern regarding HR 6410. As presently written, the bill appears to require consolidation of the statistical policy and reporting burden function in the same unit with the internal information management activities. While these functions in EPA are all assigned to the Assistant Administrator for Planning and Management, who reports directly to the Administrator, we feel quite strongly that they should not be consolidated further and made into one unit.

It is absolutely essential that the reports clearance/statistical policy functions be assigned to the staff that manages our regulation development process. At the same time, we believe that it would be a mistake to burden this staff with the very sizable and important internal information management functions. Instead, we believe that the Assistant Administrator for Planning and Management should have two units encompassing all of the functions addressed in HR 6410. We cannot tell whether HR 6410 would allow what we believe is a sensible, effective organization for EPA and one that, after we have completed consolidation of the information management functions, would achieve the basic aims of the bill.

In addition, HR 6410 appears to eliminate or at least bring into question the central role of the standing committee on information management recently established by the

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Administrator. We recognize that committees are a suspect form of organization that are often used to escape accountability. In EPA's case, we are using the committee to underline the fact that senior managers across the Agency -- not just the Assistant Administrator for Planning and Management -- are responsible for managing information resources. Equally important, the committee mechanism ensures that information management policy remains closely tied to program priorities and is not captured by specialists whose first loyalty may be to their area of technical interest and expertise.

My basic point is this -- we believe it is unwise to legislate a specific organizational arrangement that applies to all agencies. In our case, you may clarify accountability for information-related activities and end up confusing basic program accountability for regulation development and enforcement which are EPA's mainstream responsibilities.

As an alternative, we suggest that HR 6410 require agencies to submit a plan to OMB for organizing and investing in all of the information management functions specified in the bill. We believe that the intent of the bill is perfectly clear and provides OMB a strong mandate to require essential changes in agency organization and the redirection of agency resources if necessary to satisfy that intent. The approach

we are recommending would ensure clear organizational accountability for the vital functions addressed in HR 6410 while permitting sufficient flexibility to account for the unique conditions and requirements of individual agencies.

Our second concern has to do with the delegation provisions of HR 6410. We believe that the process as structured dilutes the responsibility and accountability of agency heads rather than clarifying it. The Administrator of EPA has a statutory responsibility to issue and enforce regulations pertaining to specific activities and substances that Congress has determined to be damaging to the environment. The Administrator also is responsible for ensuring that EPA goes about this in a sensible manner that is cost-effective and technically sound. The Congress and OMB should hold EPA and other agencies accountable for meeting these responsibilities and should limit or revoke agency authority to act only when an agency demonstrates that it lacks the will or capacity to meet its responsibilities.

It seems to us that HR 6410 takes the opposite track -- agencies may not have the authority to act on individual reporting requirements or ADP procurements until it demonstrates "capacity." Agencies, like people, are not likely to develop the capacity to carry out responsibilities they are not

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permitted to exercise. Moreover, we do not believe that OMB should routinely review individual reporting requirements since this is extremely resource intensive and adds steps to the already lengthy regulation development process. Moreover, this approach too often ends up raising issues about basic regulatory strategy in a context that is misleading and can be procedurally inappropriate.

We believe it would be both more appropriate and sensible for OMB to conduct periodic reviews of the process by which we define reporting requirements rather than conducting a de novo review of each requirement as it is proposed. This approach has the merit of being more efficient and of focusing OMB's attention on the right issues. It also clarifies and reinforces the notion that agencies are ultimately accountable for how well they manage. There is much we do not know about managing information resources and costs, and there often will be room for reasonable people to disagree about the cost-effectiveness of a particular reporting requirement. However, there is very little my story about what constitutes a sensible decision-process on reporting requirements and about the level of management attention these decisions deserve. OMB can quite readily determine whether an agency is taking seriously its responsibilities in this area.

Therefore, we suggest that HR 6410 define agency responsibilities in terms of the reasonableness, and technical proficiency of the process and criteria used to set reporting requirements. If an agency cannot demonstrate that it has established and systematically enforces an acceptable process and criteria, OMB is fully justified in revoking that agency's authority to issue reporting regulations.

APPENDIX F.—EXECUTIVE ORDER 12044, MARCH 23, 1978

No. 12044

Mar. 23, 1978, 43 F.R. 12661

IMPROVING GOVERNMENT REGULATIONS

As President of the United States of America, I direct each Executive Agency to adopt procedures to improve existing and future regulations.

**Section 1. Policy.** Regulations shall be as simple and clear as possible. They shall achieve legislative goals effectively and efficiently. They shall not impose unnecessary burdens on the economy, on individuals, on public or private organizations, or on State and local governments.

To achieve these objectives, regulations shall be developed through a process which ensures that:

- (a) the need for and purposes of the regulation are clearly established;
- (b) heads of agencies and policy officials exercise effective oversight;
- (c) opportunity exists for early participation and comment by other Federal agencies, State and local governments, businesses, organizations and individual members of the public;
- (d) meaningful alternatives are considered and analyzed before the regulation is issued; and
- (e) compliance costs, paperwork and other burdens on the public are minimized.

**Sec. 2. Reform of the Process for Developing Significant Regulations.** Agencies shall review and revise their procedures for developing regulations to be consistent with the policies of this Order and in a manner that minimizes paperwork.

Agencies' procedures should fit their own needs but, at a minimum, these procedures shall include the following:

- (a) **Semiannual Agenda of Regulations.** To give the public adequate notice, agencies shall publish at least semiannually an agenda of significant regulations under development or review. On the first Monday in October, each agency shall publish in the FEDERAL REGISTER a schedule showing the times during the coming fiscal year when the agency's semiannual agenda will be published. Supplements to the agenda may be published at other times during the year if necessary, but the semiannual agendas shall be as complete as possible. The head of each agency shall approve the agenda before it is published. At a minimum, each published agenda shall describe the regulations being considered by the agency, the need for and the

legal basis for the action being taken, and the status of regulations previously listed on the agenda.

Each item on the agenda shall also include the name and telephone number of a knowledgeable agency official and, if possible, state whether or not a regulatory analysis will be required. The agenda shall also include existing regulations scheduled to be reviewed in accordance with Section 4 of this Order.

- (b) **Agency Head Oversight.** Before an agency proceeds to develop significant new regulations, the agency head shall have reviewed the issues to be considered; the alternative approaches to be explored, a tentative plan for obtaining public comment, and target dates for completion of steps in the development of the regulation.
- (c) **Opportunity for Public Participation.** Agencies shall give the public an early and meaningful opportunity to participate in the development of agency regulations. They shall consider a variety of ways to provide this opportunity, including (1) publishing an advance notice of proposed rulemaking; (2) holding open conferences or public hearings; (3) sending notices of proposed regulations to publications likely to be read by those affected; and (4) notifying interested parties directly. Agencies shall give the public at least 60 days to comment on proposed significant regulations. In the few instances where agencies determine this is not possible, the regulation shall be accompanied by a brief statement of the reasons for a shorter time period.
- (d) **Approval of Significant Regulations.** The head of each agency, or the designated official with statutory responsibility, shall approve significant regulations before they are published for public comment in the FEDERAL REGISTER. At a minimum, this official should determine that:
  - (1) the proposed regulation is needed;
  - (2) the direct and indirect effects of the regulation have been adequately considered;
  - (3) alternative approaches have been considered and the least burdensome of the acceptable alternatives has been chosen;
  - (4) public comments have been considered and an adequate response has been prepared;
  - (5) the regulation is written in plain English and is understandable to those who must comply with it;
  - (6) an estimate has been made of the new reporting burdens or recordkeeping requirements necessary for compliance with the regulation;
  - (7) the name, address and telephone number of a knowledgeable agency official is included in the publication; and
  - (8) a plan for evaluating the regulation after its issuance has been developed.
- (e) **Criteria for Determining Significant Regulations.** Agencies shall establish criteria for identifying which regulations are significant. Agencies shall consider among other things: (1) the type and number of individuals, businesses, organizations, State and local governments affected; (2) the compliance and reporting requirements likely to be involved; (3) direct and indirect effects of the regulation including the effect on competition; and (4) the relationship of the regulations to those of other programs and agencies. Regulations that do not meet an agency's criteria for determining significance shall be accompanied by a statement to that effect at the time the regulation is proposed.

**Sec. 3. Regulatory Analysis.** Some of the regulations identified as significant may have major economic consequences for the general economy, for individual industries, geographical regions or levels of government. For these regulations, agencies shall prepare a regulatory analysis. Such an analysis shall involve a careful examination of alternative approaches early in the decision-making process.

The following requirements shall govern the preparation of regulatory analyses:

- (a) **Criteria.** Agency heads shall establish criteria for determining which regulations require regulatory analyses. The criteria established shall:
  - (1) ensure that regulatory analyses are performed for all regulations which will result in (a) an annual effect on the economy of \$100 million or more; or (b) a major increase in costs or prices for individual industries, levels of government or geographic regions; and
  - (2) provide that in the agency head's discretion, regulatory analysis may be completed on any proposed regulation.
- (b) **Procedures.** Agency heads shall establish procedures for developing the regulatory analysis and obtaining public comment.
  - (1) Each regulatory analysis shall contain a succinct statement of the problem; a description of the major alternative ways of dealing with the problems that were considered by the agency; an analysis of the economic consequences of each of these alternatives and a detailed explanation of the reasons for choosing one alternative over the others.
  - (2) Agencies shall include in their public notice of proposed rules an explanation of the regulatory approach that has been selected or is favored and a short description of the other alternatives considered. A statement of how the public may obtain a copy of the draft regulatory analysis shall also be included.
  - (3) Agencies shall prepare a final regulatory analysis to be made available when the final regulations are published.

Regulatory analyses shall not be required in rulemaking proceedings pending at the time this Order is issued if an Economic Impact Statement has already been prepared in accordance with Executive Orders 11821 and 11949.

**Sec. 4. Review of Existing Regulations.** Agencies shall periodically review their existing regulations to determine whether they are achieving the policy goals of this Order. This review will follow the same procedural steps outlined for the development of new regulations.

In selecting regulations to be reviewed, agencies shall consider such criteria as:

- (a) the continued need for the regulation;
- (b) the type and number of complaints or suggestions received;
- (c) the burdens imposed on those directly or indirectly affected by the regulations;
- (d) the need to simplify or clarify language;
- (e) the need to eliminate overlapping and duplicative regulations; and
- (f) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions or other factors have changed in the area affected by the regulation.

Agencies shall develop their selection criteria and a listing of possible regulations for initial review. The criteria and listing shall be published for comment as required in Section 5. Subsequently, regulations selected for review shall be included in the semiannual agency agendas.



**Sec. 5. Implementation.**

- (a) Each agency shall review its existing process for developing regulations and revise it as needed to comply with this Order. Within 60 days after the issuance of the Order, each agency shall prepare a draft report outlining (1) a brief description of its process for developing regulations and the changes that have been made to comply with this Order; (2) its proposed criteria for defining significant agency regulations; (3) its proposed criteria for identifying which regulations require regulatory analysis; and (4) its proposed criteria for selecting existing regulations to be reviewed and a list of regulations that the agency will consider for its initial review. This report shall be published in the FEDERAL REGISTER for public comment. A copy of this report shall be sent to the Office of Management and Budget.
- (b) After receiving public comment, agencies shall submit their revised report to the Office of Management and Budget for approval before final publication in the FEDERAL REGISTER.
- (c) The Office of Management and Budget shall assure the effective implementation of this Order. OMB shall report at least semiannually to the President on the effectiveness of the Order and agency compliance with its provisions. By May 1, 1980, OMB shall recommend to the President whether or not there is a continued need for the Order and any further steps or actions necessary to achieve its purposes.

**Sec. 6. Coverage.**

- (a) As used in this Order, the term regulation means both rules and regulations issued by agencies including those which establish conditions for financial assistance. Closely related sets of regulations shall be considered together.
- (b) This Order does not apply to:
  - (1) regulations issued in accordance with the formal rulemaking provisions of the Administrative Procedure Act (5 U.S.C. 556, 557);
  - (2) regulations issued with respect to a military or foreign affairs function of the United States;
  - (3) matters related to agency management or personnel;
  - (4) regulations related to Federal Government procurement;
  - (5) regulations issued by the independent regulatory agencies; or
  - (6) regulations that are issued in response to an emergency or which are governed by short-term statutory or judicial deadlines. In these cases, the agency shall publish in the FEDERAL REGISTER a statement of the reasons why it is impracticable or contrary to the public interest for the agency to follow the procedures of this Order. Such a statement shall include the name of the policy official responsible for this determination.

**Sec. 7.** This Order is intended to improve the quality of Executive Agency regulatory practices. It is not intended to create delay in the process or provide new grounds for judicial review. Nothing in this Order shall be considered to supersede existing statutory obligations governing rulemaking.

**Sec. 8.** Unless extended, this Executive Order expires on June 30, 1980.

JIMMY CARTER

THE WHITE HOUSE,  
March 23, 1978.

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